



NAVAL POSTGRADUATE SCHOOL

MONTEREY, CALIFORNIA

MBA PROFESSIONAL REPORT

**Remaking of an American Icon:
An NPS Graduate School Case Competition**

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June 2007**

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**REMAKING OF AN AMERICAN ICON:
AN NPS GRADUATE SCHOOL CASE COMPETITION**

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REMAKING OF AN AMERICAN ICON: AN NPS GRADUATE SCHOOL CASE COMPETITION

ABSTRACT

The purpose of this MBA Project was to provide a creative marketing overview of ideas for launching the 2008 Cadillac CTS Sedan into a non-traditional target market, e.g., perpetual strivers and move-ups. The project included a national case competition among business school student teams, including compressing a communications plan into a 30-slide deliverable. Data collection included comparison literature reviews, male and female focus groups, a researchers-developed survey, and interviews conducted during the Detroit Auto Show.

The study team created a new logo for the CTS, including the new tag-line: *Revive the Drive*. Given the boundaries of a \$30M media budget the team designed a media and communications plan encompassing both traditional and non-traditional methods. Additional findings included: (1) the automotive press is biased against American manufacturers which translates into consumer bias; (2) wheels on the CTS are a prime example of past mistakes that apparently Cadillac is not willing to recognize; (3) it will be difficult to break the current brand persona as an older person's car without radically changing the surroundings in both sales outlets and promotional advertising; and (4) simply stated, likely buyers are not classifying the CTS with other similar models from alternative companies.

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I. INTRODUCTION

A. BACKGROUND

A Cadillac National Case Study Competition was conducted by EdVenture Partners, Cadillac and Modernista (Cadillac's current marketing firm), whereby approximately 100 colleges and universities from the U.S. and Canada competed in what would be the Naval Postgraduate School of Business and Public Policy's first team competitive business venture. Teams were divided by level of study (graduate or undergraduate). Each team had the responsibility of developing a marketing and communication plan to be considered by Cadillac for future regional and/or national campaigns.¹ Top winners delivered a final presentation to the executives of Cadillac and received a monetary award.

B. COMPETITION

Cadillac employed the expertise of students competing from around the country via the EdVenture Partners Case Study Competition to develop a communication plan for the 2008 CTS Sedan. Cadillac's acute awareness of their sliding market share encouraged them to seek better, more innovative approaches for selling a revamped luxury sedan in a particularly crowded and competitive market. Although the company still symbolizes success to many, loyal followers are aging and failing to influence the next generation of consumers to join the luxury General Motors stable. Unlike past generations, General Motors has to contend with an independent generation of consumers who do not blindly buy American products. Loss of loyalty combined with perceptions of failed quality stemming from the 1980s motivated Cadillac to energize their efforts to revitalize their image.

¹ EdVenture Partners, From Movement To Momentum: Cadillac's Return To Relevance and Aspirations of Dominance In The U.S. Luxury Market, 28 January 2007, available from <http://intranet.edventurepartners.com/casestudies/cadillac07/default.asp>; Intranet; accessed 24 April 2007.

In the Escalade product line Cadillac landed a successful vehicle and re-took its place among the industry leaders. Product association, target audience identification and resulting sales are strong with the SUV consumer. In sedan sales Cadillac hopes to use the CTS to affect that same level of affinity for car buyers. To regain their previous leadership position, serious hurdles in prestige and brand identity must be overcome. Many in the automotive press saw the CTS as a way to shine a positive light on sedan sales as a whole for Cadillac. A new plan was sought to reach the desired level of prestige and sales.

The Ed Ventures Case Study Competition created a cross-country flow of ideas from university students straight into the decision-making ranks of Cadillac headquarters with little expense to the company. The competition deliverables consisted of a 30 page PowerPoint document outlining a communication plan ensuring a successful launch of an all-new 2008 CTS. Plans created an array of promotional ideas designed to influence a selected demographic target market.

The “Move-Ups” demographic group was selected as the most beneficial for buying the 2008 CTS. The “Move-Up” group is described by Cadillac as young college educated men and women looking to move into a luxury car for the first time. These “perpetual strivers” are not only a new target market for Cadillac; they have the potential to lead other consumers by example as well. Currently Cadillac lacks identity with a younger market; a prestigious youthful appeal that pulls consumers to mimic those successful goal oriented strivers, reinvigorating sales and the overall image.

The competition focused primarily on generating creative ideas, leaving the majority of marketing research as the responsibility of the company. As creative ideas were designed and incorporated into the communications plan they were correlated to a creative brief designed by the project group. The creative brief aided in standardization of ideas into one large communication plan for the entire CTS roll-out that worked harmoniously to drive home specific features, performance specifications or attractions to the product.

Academic professionals were employed to judge the entrants along a pre-determined rubric. i.e., a three tiered judging process designed to ensure top-quality ideas flowed to corporate executives. In the final stage of the judging, Modernista executives joined Cadillac executives for presentations of the finalists' communication plan where the winner was determined.

For the 2008 CTS launch to be considered a success, it has to positively reflect Cadillac's three key marketing goals:

- 1) Increase Cadillac's conquest rate; (Conquests are the sales won from other manufacturers by bringing those considering an entry level luxury sedan to Cadillac).²
- 2) Decrease the average age of Cadillac consumers; the median age of the current Cadillac customer averages ten years older than tier one competitors.³
- 3) Improve the image and reputation of the Cadillac brand; although they maintain an image of luxury, perceptions of quality and prestige elude their efforts in the younger generations of consumers.⁴

Given the boundaries of a \$30M media budget the team designed a media and communication plan to support both a traditional (print, radio, TV, outdoor, events, product placement) and non-traditional (guerilla activity, internet blogs, experiential) communication plan.

² EdVenture Partners, 2007 Cadillac National Case Study Competition Judging Scorecard, 28 January 2007, available from <http://intranet.edventurepartners.com/casestudies/cadillac07/rulesGuidelines.asp>; Intranet; accessed 24 April 2007.

³ Ibid.

⁴ Ibid.

C. PARTICIPANTS

By way of the four month competition, the Naval Postgraduate School (NPS) and the Graduate School of Business and Public Policy (GSBPP) participated with some of the best public sector business schools in the country. A beneficial side-effect occurred in terms of illuminating NPS to other academic institutions who typically perceived the School delivering graduate education in relatively narrow, technical military areas.

The following schools competed against NPS for the honor of representing their case study before the Cadillac executives in Detroit, MI.

| | |
|--------------------------------------------------------|-----------------------------------|
| Fairfield University | University of Illinois, Chicago |
| George Washington University | University of Mississippi |
| Hawaii Pacific University | University of New Mexico |
| Indiana University | University of Wisconsin - Madison |
| University of Michigan | Virginia Commonwealth University |
| Loyola Marymount University | Yale School of Management |
| McMaster University | |
| Montclair State University | |
| Naval Postgraduate School | |
| University at Buffalo | |
| Touro College | |
| University of Illinois | |
| Rensselaer Polytechnic Institute - Lally School | |
| Texas Christian University - Neeley School of Business | |

D. ULTIMATE VALUE TO NPS

The Naval Postgraduate School is a graduate institution unlike any other in the United States today. It has the mission of educating active duty officers of all U.S. military branches, DoD civilians and first responders, as well as allied military officers from approximately 42 countries. The achievement of higher knowledge has long been a desired attribute of the services, including the MBA Program applicable to all five team members.

Since NPS graduates are not ranked by starting salaries upon graduation, nor required participants in the GRE, competition with top civilian (ranked) schools is useful and appropriate, particularly due to the dual-accreditation and reputation held by the NPS Business School. The competition provided positive competitive comparisons with peer business school teams, including the opportunity for direct associations and “bridges” preparing the way for future cooperative efforts in other areas of study.

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II. RESEARCH

A. SCOPE OF RESEARCH

Entering the competition the group knew that most of the research would generate qualitative data within a relatively narrow scope. In developing the research for the EdVenture Partners Competition, specific design attributes and direct competitors of the CTS which Cadillac chose to market were targeted. The CTS could attract a large variety of customers which is important to the overall sales plan for both Cadillac and CTS specific marketing. Specific attention was given to finding a group of potential buyers that would be capable and likely to buy the 2008 CTS. This “Move-up” demographic group (identified in section 2-A) was segmented from the overall population using factors such as income, experiences with Cadillac, desire for luxury goods and overall potential to propel the company if a successful campaign was undertaken. Of course, not all consumers are sedan buyers nor do they desire luxury products. Another working premise was that move-ups will buy a substitute product from a different company if the CTS does not attract them to the Cadillac product-line.

Once the most attractive demographic was selected, the team focused on items of differentiation that would draw the audience in large enough numbers so that Cadillac could begin a re-emergence toward the leadership position they once held in luxury sedan sales. Technology, distribution, and standardized quality efforts have substantially leveled the field based on quantitative criteria. Likewise, qualitative issues of brand loyalty and U.S. national bias have been largely reduced allowing faster market entry by Asian and European competitors, including evidently relatively strong loyal support for established European firms by American consumers.

B. PRIMARY RESEARCH

1. Market Status Factors

Cadillac had become a trendy and hip brand in the last four years thanks mostly to the embrace of the Escalade SUV by celebrities and hip-hop personalities. However, with sales down 14 percent since 2006 and limited new buyers, Cadillac is seeking a much needed makeover to revive sales and stay competitive as a luxury auto maker. Table 1, depicted below, highlights 2006-2007 market share of Cadillac and its competitors.

Table 1. Market Share Competitors

| Market Share | April (MTD) 2007 sales | CYTD 2007 sales | YTD 2006 sales | YTD% change | Percent of Total Company sales (2007) |
|-------------------------------|---------------------------|--------------------|-------------------|----------------|------------------------------------------|
| Acura TL [5] | 5,350 | 19,054 | 24,779 | -23% | 38% |
| BMW Series [6] | 13,142 | 46,333 | 38,930 | 19% | 43% |
| Cadillac CTS [7] | 4,644 | 15,410 | 17,913 | -14% | 24% |
| Infiniti G35 [8] | 5,674 | 23,988 | 18,958 | 27% | 75% |
| Lexus ES/IS [9] | 10,907 | 41,366 | 33,270 | 24% | 67% |
| Mercedes Benz C-class [10] | 5,131 | 17,413 | 14,017 | 24% | 23% |

⁵ TheAutoChannel.com, Acura Announces April 2007 Sales, 1 May 2007, available from <http://www.theautochannel.com/news/2007/05/01/046215.html>; Internet; accessed 1 May 2007.

⁶ TheAutoChannel.com, BMW Brand April 2007 Sales, 28 January 2007, available from <http://www.theautochannel.com/news/2007/05/01/046220.html>; Internet; accessed 24 April 2007.

⁷ TheAutoChannel.com, GM U.S. April 2007 Sales, 1 May 2007, available from <http://www.theautochannel.com/news/2007/05/01/046236.html>; Internet; accessed 1 May 2007.

⁸ TheAutoChannel.com, Nissan North America Announces April 2007 Sales, 1 May 2007, available from <http://www.theautochannel.com/news/2007/05/01/046206.html>; Internet; accessed 1 May 2007.

⁹ TheAutoChannel.com, Toyota Reports April 2007 Sales, 1 May 2007, available from <http://www.theautochannel.com/news/2007/05/01/046202.html>; Internet; accessed 1 May 2007.

¹⁰ The Auto Channel, Mercedes-Benz USA Reports April 2007 New Vehicle Sales, 1 May 2007, available from <http://www.theautochannel.com/news/2007/05/01/046221.html>; Internet; accessed 1 May 2007.

As depicted in the chart, Cadillac CTS falls dead last behind its competitors in total sales for 2007. Cadillac fared better in 2006, 4th place in the entry level luxury category. While Cadillac increasingly suffers lost market share in its most important North America market, BMW, Lexus, Infiniti and Mercedes dramatically increased sales by over 20 percent on average. Toyota Motor Corp (parent company of Lexus) surpassed General Motors (Cadillac's parent) for the first time in its history by 0.12M vehicles during the first quarter of 2007.¹¹ Asian rivals are more responsive producing new models at a faster pace than the struggling Detroit automakers. Detroit is plagued with slower sales growth and lower profits, crimping their investment plans.¹² The CTS is an example of the high level of design the Cadillac line must maintain to compete with foreign automakers. Without improvements to their order management and inventory quantities competitive sales will not equate to competitive profit.

Economic pressures outside the auto industry impact Cadillac due to perceptions of inefficient operating costs. Sales of the 2007 CTS decreased by approximately 2500 units vice the same time frame last year.¹³ The U.S. auto market experienced reactionary pressure from higher gas prices in 2006 and more is expected through the remainder of 2007 and 2008 as GM and Ford proceed with restructuring plans.¹⁴ The economic forecast for 2007 is predicted to be grim. U.S. GDP growth is predicted to be approximately 2.4 percent in 2007, as high fuel prices coupled with the weak housing markets squeeze consumer discretionary spending.¹⁵ The weakening economic growth will lead to a 1.8 percent decline in domestic light vehicle sales from a projected 16.4

¹¹ The Associated Press, Toyota Tops GM in 1Q Global Sales, 24 April 2007, available from <http://www.topix.net/autos/cadillac/2007/04/toyota-tops-gm-in-1q-global-sales>; Internet; accessed 24 April 2007.

¹² The Detroit News, Big 3 market share dips to all-time low, 5 January 2005, available from <http://www.detnews.com/2005/autosinsider/0501/06/A01-50668.htm>; Internet; accessed 24 April 2007.

¹³ The Associated Press, Toyota Tops GM in 1Q Global Sales, 24 April 2007, available from <http://www.topix.net/autos/cadillac/2007/04/toyota-tops-gm-in-1q-global-sales>; Internet; accessed 24 April 2007.

¹⁴ Reliableplant.com, Fitch: U.S. Auto Market Headed For Turbulent 2007, 24 April 2007, available from <http://www.reliableplant.com/article.asp?pagetitle=Fitch:%20U.S.%20auto%20market%20headed%20for%20turbulent%202007%20&articleid=3750>; Internet; accessed 24 April 2007.

¹⁵ Ibid.

million vehicles in 2006 to 16.1 million in 2007.¹⁶ A portion of this decline may be attributed to a series of production cutbacks at domestic manufacturers as GM and Ford shrink unprofitable production geared to daily rental fleets and attempt to move away from crippling cycles of over-production and heavy incentive programs.¹⁷ Declining economic factors negatively impact luxury goods sales and Cadillac suffers from the effect during an attempted resurgence.

Cadillac began a much needed revitalization campaign and launched the 2008 CTS at the 2007 Detroit Auto Show attempting to reach a progressive market. Though Cadillac sales were down about 14 percent in 2007 versus 2006, the CTS midsize sedan posted gains of 9.1 percent.¹⁸ The star performer in GM's portfolio, Cadillac, hopes to keep CTS's momentum going with a redesigned 2008 model which made its debut at the Detroit Auto Show.¹⁹

Although the Cadillac CTS is not on Motor Trend's Car of the Year List, or Car and Driver's 10 Best Cars List, Cadillac appears to be moving in the right direction. Business Week's ranking of the customer service elite in 2007 placed Cadillac third in customer service among all companies in service industries.²⁰ Lexus ranked seventh.²¹ Cadillac edged its rivals with an A+ score for process (i.e., warranties, service policies, etc.) and an A+ for its employee friendliness and conscientiousness.²² The article states that, "To win last year, Cadillac took a page out of Lexus' playbook. They empowered their dealers to decide for themselves if 'The General' should honor warranty repairs

¹⁶ Reliableplant.com, Fitch: U.S. Auto Market Headed For Turbulent 2007, 24 April 2007, available from <http://www.reliableplant.com/article.asp?pagetitle=Fitch:%20U.S.%20auto%20market%20headed%20for%20turbulent%202007%20&articleid=3750>; Internet; accessed 24 April 2007.

¹⁷ Ibid.

¹⁸ TheAutoChannel.com, GM U.S. April 2007 Sales, 1 May 2007, available from <http://www.theautochannel.com/news/2007/05/01/046236.html>; Internet; accessed 8 May 2007.

¹⁹ Businessweek, Cadillac Reaching For Icon Status in New Positioning, 27 July 2006, available from http://www.businessweek.com/the_thread/brandnewday/archives/2006/07/cadillac_reachi.html; Internet; accessed 24 April 2007.

²⁰ BusinessWeek, Customer Service Champs, 5 March 2007, available from <http://businessweek.com/pdf/270341BWEPrint.pdf>; Internet; accessed 24 April 2007.

²¹ Ibid.

²² Ibid.

after the warranty had expired. Additionally (and at long last), Cadillac now provides loaner cars to all customers while their ride is in the shop.”²³

Warranties generate a perception of dependability in customers. Since these warranty problems are costly to manufacturers, the customer assumes the manufacturer will have vetted suppliers before they install those parts on cars.²⁴ Cadillac fared well with J.D. Power’s 2006 Vehicle Dependability Study (VDS) placing 4th overall just behind Lexus (1st place).²⁵ The benefits of strong vehicle dependability are long-term brand fortifiers for manufacturers. Dependability helps brands retain their value better. Brands that performed well in the VDS also reported higher levels of owner recommendation repurchase intent and increased sales volumes compared to brands with average to poor dependability ratings.²⁶ The figure below depicts the VDS dependability rating between the CTS and its competitors²⁷:

²³ BusinessWeek, Customer Service Champs, 5 March 2007, available from <http://businessweek.com/pdf/270341BWEPrint.pdf>, Internet; accessed 24 April 2007.

²⁴ JD Power, The Vehicle Dependability Gap between Luxury and Higher-Volume Brands Narrows Significantly, 9 August 2006, available from <http://www.jdpower.com/corporate/news/releases/pressrelease.asp?ID=2006133>; Internet; accessed 24 April 2007.

²⁵ Ibid.

²⁶ JD Power, The Vehicle Dependability Gap between Luxury and Higher-Volume Brands Narrows Significantly, 9 August 2006, available from <http://www.jdpower.com/corporate/news/releases/pressrelease.asp?ID=2006133>; Internet; accessed 24 April 2007.

²⁷ Ibid.

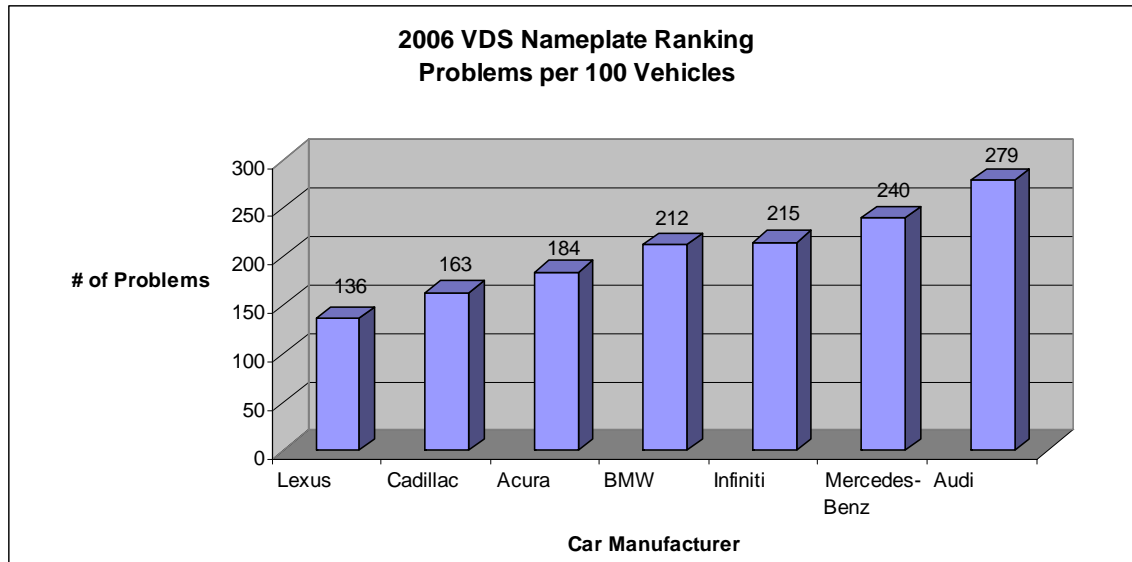


Figure 1: VDS Nameplate Ranking Study

Cadillac also placed second in a 2005 study by J.D. Power and third in an Associates survey by IntelliChoice, a consumer auto research company that evaluates Certified Pre-Owned (CPO) programs each year based on how well they match up with consumer preferences. Major areas of analysis include inspection lists, warranties, title verification, special financing availability, roadside assistance benefits and return policies. The table below depicts the winners for best luxury CPO programs in 2006: ²⁸

Table 2. 2005 JDP & IntelliChoice CPO Rankings (Overall)

| Overall (JDP) | |
|---------------|----------|
| 1. | Lexus |
| 2. | Cadillac |
| 3. | BMW |
| 4. | Audi |
| 5. | Lincoln |

²⁸ Cars.com, Best Used-Car Certification Programs, 24 April 2007, available from <http://www.cars.com/go/advice/shopping/cpo/stories/story.jsp?story=best>; Internet; accessed 24 April 2007.

Table 3. 2005 JDPA & IntelliChoice CPO Rankings (Luxury)

| Luxury (IntelliChoice) | |
|---------------------------|----------|
| 1. | Jaguar |
| 2. | Volvo |
| 3. | Cadillac |
| 4. | Saab |
| 5. | Audi |

The good news for Cadillac is that since the 2005 Intellichoice CPO rankings, Cadillac managed to end Jaguar's five-year reign, and was selected as the best Luxury program for 2007²⁹

2. Target Audience

Determining the right target audience is the most important step in developing an effective marketing plan. Everything that is created or developed is focused on reaching the specific target audience.

Cadillac and Ed-venture directed their focus and marketing efforts to the mindset of the "perpetual striver." The mindset of the perpetual striver is someone who is goal oriented and is a leader among their social and professional circles. This group is never satisfied with the attainment of an established goal, because they want to achieve more and will challenge not only themselves but the people around them to reach greater professional heights. Cadillac believes they can reach this mindset across different age groups. Cadillac is specifically targeting five distinct groups within the mindset of the

²⁹ TheAutoChannel.com, IntelliChoice.com Names Top Certified Pre-Owned Vehicle Programs for 2007, 24 April 2007, available from <http://www.theautochannel.com/news/2006/11/02/027482.html>; Internet; accessed 24 April 2007.

perpetual striver: Move-ups, Busy Moms, Alphas, Boomers, and Loyalists.³⁰ Cadillac's executive creative director, Lance Jensen, further broke down the audience along these lines: "Alpha Males," who already know more about auto performance and hardware than the dealer; "Hot Moms" or referred to as "Busy Moms," who are both career women with family-care responsibilities, and are independent when it comes to choosing their car without necessarily checking with her husband; and "Move Ups," who are car-buyers under the age of 35 already within in the income range to afford a Cadillac."³¹ Cadillac's marketing director, Liz Vanzura, hopes their new marketing campaign will ignite some Cadillac lust in younger buyers 25-40 years old, and lower the median age of a current buyer well below the age of 59.³²

"Move-Ups" function as leaders among their co-workers and in their social networks. Early career successes and aspirations have only made them hungrier for greater accomplishments and challenges. This target market consists of educated men and women with at least four-years of college, and many have graduate degrees. Their ages range from 25 to 40 years old, and they are largely single or recently married with an above average income earning over \$50,000. Currently there are more males (60 percent) than females defining this segment.

Unlike past generations who felt the greatest influence from family, this group's friends rival family as influencers of luxury purchases. This shift in influence stems from less molecular families and their desire to generate esteem from peers.

This segment of the market is on the journey to find and shape their adult identities and do so through consumption habits. "Move-Ups" are confident that they will make it big, tend to be somewhat liberal and believe in rewarding themselves for

³⁰ EdVenture Partners, From Movement To Momentum: Cadillac's Return To Relevance and Aspirations of Dominance In The U.S. Luxury Market, 28 January 2007, available from <http://intranet.edventurepartners.com/casestudies/cadillac07/default.asp>; Intranet; accessed 24 April 2007.

³¹ Businessweek, Cadillac Reaching For Icon Status in New Positioning, 27 July 2006, available from http://www.businessweek.com/the_thread/brandnewday/archives/2006/07/cadillac_reachi.html; Internet; accessed 24 April 2007.

³² Autoblog.com, New Cadillac marketing campaign aiming to create lust, 27 July 2006, available from <http://www.autoblog.com/2006/07/27/new-cadillac-marketing-campaign-aiming-to-create-lust/>; Internet; accessed 24 April 2007.

achieving their goals. For the “Move-Ups” segment, their car defines who they are. By moving to a luxury vehicle, it shows that they have arrived at a new level of success.

The “Move-Ups” tune out or even show disdain for beauty shots or unrealistic luxury locations in advertising. They long for a brand that demonstrates understanding for what makes them tick.³³ “Move-Ups” indicated that Volkswagen and Hummer are companies that understand how to communicate to them.

During this stage in their lives, “Move-Ups” are ready to purchase a new vehicle and will probably upgrade into an entry level luxury vehicle. Cadillac is seen by this group as a luxury car manufacturer, but they do not see them as the manufacture of choice. They remain open to buying American cars if given the right product, and are not blindly loyal.

The approach to marketing to the “Move-Ups” is through humor, irony and the unvarnished truth. It is almost certain that this group will seek and research the truth before making any large purchases. Consumers are very cynical and extremely educated about the entire marketing process. They will quickly expose and oppose companies that are bullies, liars, fakes, dictators and use deceptive tactics. “Nothing will kill a community faster than hiding motives, practices or fudging the truth about corporate policies. Owners must maintain their credibility and be clear about their motives. The community can sniff out false claims or corporate spin from miles away.”³⁴

Cause marketing is also very important when reaching “Move-Ups” because it fulfills a need to give back and influences their buying patterns. Nothing can build brand loyalty more quickly among today's increasingly hard-to-please consumers like a company's proven commitment to a worthy cause. According to a Cone/Roper Benchmark Survey, 78 percent of respondents said they are more likely to buy a product that's associated with a cause they care about and 54 percent said they would pay more

³³ EdVenture Partners, From Movement To Momentum: Cadillac's Return To Relevance and Aspirations of Dominance In The U.S. Luxury Market, 28 January 2007, available from <http://intranet.edventurepartners.com/casestudies/cadillac07/default.asp>; Intranet; accessed 24 April 2007.

³⁴ Johnson, L. & Hanson, C. (2006), *Mind Your X's and Y's: Satisfying the 10 Cravings of a New Generation of Consumers* (1st ed.). New York: Free Press, 76.

for it.³⁵ One-third of respondents said that after price and quality, a company's responsible business practices are the most important factor in deciding whether to buy its product. This has become such an important part of any marketing plan that companies have spent an estimated \$1.34 billion on causes last year in the United States alone, up 20 percent over 2005, according to the IEG Sponsorship Report. Part of the reason is that 84 percent of Americans are likely to switch brands to help a cause when price and quality are equal, according to a 2002 Cone Corporate Citizenship Study, an industry-based poll.³⁶

Organizational charitable contributions benefit organizational image. This reaches beyond customers to suppliers, employees and the community. Companies gain increased competitive advantage through customer loyalty and income tax benefits. It is no longer a warm and fuzzy generator it is a public expectation that corporations invest in the world around them.

“Move-Ups” represent the future market for Cadillac and more specifically the CTS into the foreseeable future. Analysts say that five years from now Gen X and Gen Y combined will account for at least 40 percent of all vehicle sales.”³⁷ “Gen X may be small in size but they are mighty in luxury buying power. Their influence is destined to grow even more in the luxury market in the future now that the leading edge of this generation reaches 40 years of age.”³⁸

By breaking down the move-ups into female and male buyers, the research distinguished some important characteristics between the two groups. Female Move-Ups typically work in suburban areas and will spend a majority of discretionary income on

³⁵ Get Slightly Famous, Cause-Related Marketing: An Activity in Which Businesses Join With Charities, 24 April 2007, available from <http://www.getslightlyfamous.com/free-resources/articles/cause-related-marketing.html>; Internet, accessed 24 April 2007.

³⁶ MSN.com, Can buying a red T-shirt fight AIDS?, 20 March 2007, available from <http://articles.moneycentral.msn.com/Investing/Extra/FightingAidsWithARedTShirt.aspx?GT1=9215>; Internet; accessed 24 April 2007.

³⁷ Johnson, L. & Hanson, C. (2006), *Mind Your X's and Y's: Satisfying the 10 Cravings of a New Generation of Consumers* (1st ed.). New York: Free Press, 12.

³⁸ Johnson, L. & Hanson, C. (2006), *Mind Your X's and Y's: Satisfying the 10 Cravings of a New Generation of Consumers* (1st ed.). New York: Free Press, 58.

themselves. Personal fulfillment is intrinsically connected to professional success. She values the balance between work and life, meaning she wants a balanced portfolio of meaningful life experiences that include family, friends, fitness and fun. She desires an automobile with a luxurious interior, that is dependable, comfortable, safe (OnStar), and has the latest technology features.³⁹

Male buyer's lifestyle habits typically show that he mostly works in either major cities or suburban areas, and will spend a majority of discretionary income on themselves. He is more prone to buying expensive large items. Males are 15 percent more likely than Boomers to pay a premium for luxury goods and 11 percent more on vehicles.⁴⁰ He is the first among his peers to discover the latest trends. He desires an automobile which is reliable, has great exterior styling and engine performance. He also wants to be able to easily customize his vehicle and have the latest technology available in his vehicle from the dealer.

3. Focus Groups

In the CTS research phase, two focus groups were conducted to provide qualitative data and feedback in conjunction with the market surveys. One group consisted of all-males and the other group, all-females. Each group consisted of approximately 7-9 participants reflecting a cross-section of the Move-Up demographic. The groups were characterized as being 25-40 years old with income and education levels inside the parameters of the "Move-Up" category.

The goal of the focus group was to confirm or contradict assumptions made by the research group. Due to the qualitative nature of the research, multiple sources of human feedback were obtained to confirm or nullify various arguments. Arguments such as the most valuable customer for the CTS, most important amenities and the draw or repulsive

³⁹ Ed Venture Partners, From Movement To Momentum: Cadillac's Return To Relevance and Aspirations of Dominance In The U.S. Luxury Market, 28 January 2007, available from <http://intranet.edventurepartners.com/casestudies/cadillac07/default.asp>; Intranet; accessed 24 April 2007.

⁴⁰ GQ, Slackers No More...Meet the 'Xoomers'; GQ study reveals male Gen X Shoppers Are Today's Super Consumers, 12 September 2007, available from http://www.tourismmarketer.com/archive_2006/2006Q3_755.0.html; Internet; accessed 24 April 2007.

capacity of previous advertisements were tested through questioning subjects in a casual atmosphere. The facilitator had the ability to use responses from a survey administered to respondents at the Chicago Auto Show to shape the questions for a larger and more effective survey to be administered later.

A traditional focus group process was used. The subjects were moderated by a facilitator that led the discussion in a loosely structured manner to encourage the free flow of ideas.⁴¹ The facilitator, Professor Becky Jones, guided both focus groups for approximately one hour each. Her extensive marketing background and experience with focus groups enabled the researchers to verify hypotheses regarding the attitudes and perceptions of the target market. As alluded to above, the results helped refine the second and most important survey. This allowed the group to correct the vast skew that occurred in the initial sample resulting in much better correlation to real sales as noted in the skewed data section below. This feedback was used to develop, package and present an innovative communication plan to Cadillac.

a. Male Focus Group

Prior to watching a 2007 CTS advertisement, the male focus group was first asked about their prior knowledge of the CTS. Only one subject vaguely had knowledge of the CTS. A critical mass of subjects expressed surprise at the quality and aesthetic improvement of the exterior. As stated by Cadillac executives “Art and Science” hard edged styling brings people who love and hate it to the discussion. One subject noted the “boxy” style as a negative attribute. Later surveys support “looks” as one of the most important attributes to every model listed.

Maintaining the expectation that ego drives a luxury purchase horsepower was on equal footing for importance and overall wow value. One participant inquired about engine size in the advertisement and seemed content when the answer was revealed to him that the CTS sported a 300 horsepower engine. Comments were positive and express the points below:

⁴¹ Wikipedia.com, Focus Groups, 1 May 2007, available from http://en.wikipedia.org/wiki/Focus_group; Internet; accessed 1 May 2007.

“I would’ve never guessed that was a Cadillac!”

“You want to see the car going fast, show the horsepower!”

“All Cadillac did was cut off the ends, and made it smaller...but still looks boxy compared to the sleek designs of Infinity, Lexus, and the 3- series BMW.”

The crippling perception that plagues every Cadillac model is the nagging idea of Cadillacs identifying their owner as an “old person.” To remedy this, one group member suggested that Cadillac should focus on getting dad to buy the Cadillac when he is 45 instead of 65. The children at a younger age associate a younger, ‘hipper’ dad with the Cadillac instead of a much older, retired ‘pops’. Two group members acknowledged a noticeable attempt by Cadillac to change its image by changing its style in order to compete against other similar entry luxury models.

“You expect someone from the Sopranos to drive up in a Cadillac.”

“Cadillac has always been identified as quality, but has a “this is my grandfathers car” kind of image.”

The next question posed referred to price- “How much would you pay for a car like this? Consider all the features on a luxury vehicle?” Although some subjects had difficulty recognizing the status of the competitive class and the expected cost of ownership, the main point discussed revolved around saving the value of the company. A price reduction or rebate program only makes Cadillac look less expensive and non-luxurious and should be avoided. One subject alerted the group about the hazard of going to a lower price- especially if you’ve established a luxury brand image, “[You] don’t want to ‘cheapen’ the image like Porsche did with the 944. Cadillac should not compare itself with Toyota, Honda and Ford. You associate price with luxury.” The research group concluded that the opposite is also true, if you are not the leader in a category you want to associate yourself with the leader as much as possible to increase your brand image and level the sales battlefield.

b. Female Focus Group

The Female Focus group began with the opening promo video to expose them to the CTS. The initial reaction to the video was a questioning lack of interior information. It was noted that interior photos and comfort are important attributes to a majority of the female subjects. One subject commented that she did not stand and stare at the exterior of her car, it was for transportation and the features that were important to her were the ones she would endure everyday on the way to work. The group was not ambivalent to looks, they do want an attractive car. The females also suggested that all the technology/electronics inside the car be shown in action and made to look fun and inviting. In the end, poor interior comfort is a dissatisfier with the female subjects.

“Where are the interior shots?”

Next the group was shown a CTS commercial currently running for the 2007 model where a young female executive is shown to be dominant in the work place and fun loving in the CTS. The underlying point being that successful women drive the CTS. The research group noted a surprising lack of attachment by the female subjects to that type of marketing. The female subjects stated in various ways that they did not need or desire for a company to determine what made them successful. They stated that they had moved past that point in history. The subtlety was lost on some of the subjects while viewing the video. Overall the commercial was not negative or positive, it simply came off as flat.

“Does that commercial mean I have to drive a CTS to have the men at work respect me?”

Finally, the subjects were shown the comparative PowerPoint slide generated by the group. The researchers noted from survey responses, interviews and the previous focus group that a slide showing the CTS among its entry level luxury competition was decisive in framing the conversation accurately. This point will be expanded in the product association section of the recommendations and conclusions. The facilitator began further questioning. The first question was a simple one, “Did you

know Cadillac had a car that competed in this class?” All responded that they thought the car was physically larger in size and didn’t realize it was comparable to the BMW “3 series” sedan.

4. Surveys

Primary research for the communication plan began with an 18 question survey designed to increase understanding of what influences “Move-Ups” purchase decisions in respect to new luxury cars. Additionally the group wanted to determine important features, and how the new Cadillac CTS compared with the competition. Two surveys were designed and distributed at the Chicago Auto Show and through Zoomerang, an online survey service.

The Chicago Auto show surveys netted 105 respondents with a 48 percent correlation to actual 2006 sales. The group had determined that acquiring a large sample of automotive enthusiasts would be useful in contrasting a general sample of the population. The surveys were designed to be short due to concerns that patrons would not want to participate. Several known factors for skewed data are identified below.

Zoomerang afforded the group the opportunity to nationally distribute an online survey to a targeted group of respondents. The 262 online responses had a correlation of 66 percent with actual 2006 sales. The distributions between male and female respondents were fairly even with 51 percent male and 49 percent female. Of the respondents that took the online survey, 75 percent were ages 25-45 years old, and 57 percent were ages 25-35 years old. Over 80 percent of the respondents were college graduates, and 38 percent had a graduate degree or higher. (See Appendix I)

Some important results from the online survey were noted. First, the respondents felt the companies' brand is the most important definitive characteristic of a vehicle model. They also thought one of the most important characteristics when buying a new car is reliability. The survey respondents believed the new 2008 CTS looked good and should be in the luxury vehicle market. They also perceived Cadillac as a luxury car manufacturer and a company that had a positive brand image.

One of the biggest challenges for Cadillac is to overcome the perception that only old people drive Cadillacs. The need for a new communication plan is re-enforced by a majority of the responses citing their belief that Cadillacs are marketed to men over 45.

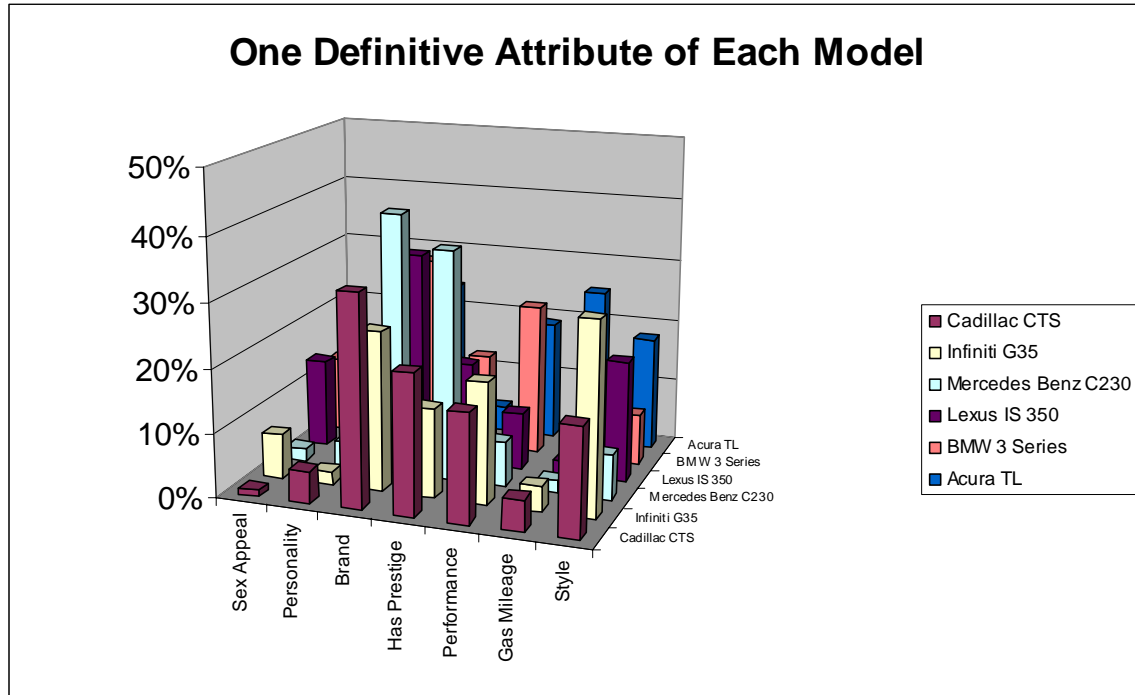


Figure 2: One Definitive Attribute of Each Model

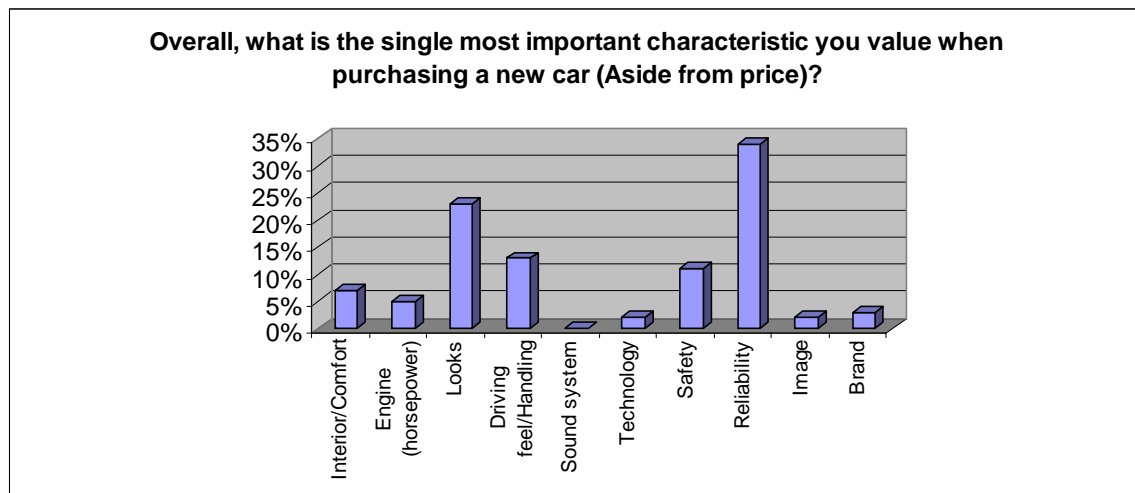


Figure 3: Overall Characteristic Value – Purchasing New Car

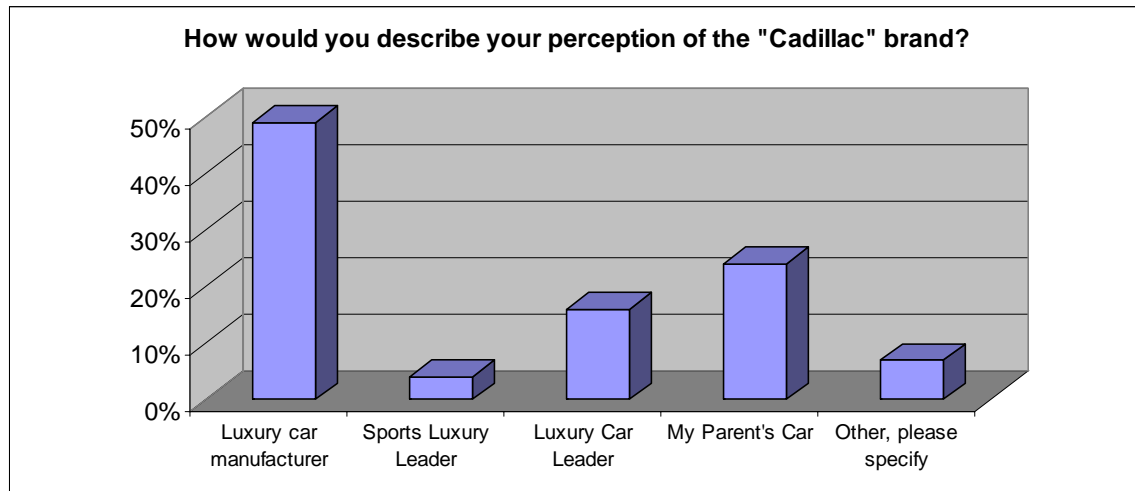


Figure 4: Perception Data of Cadillac

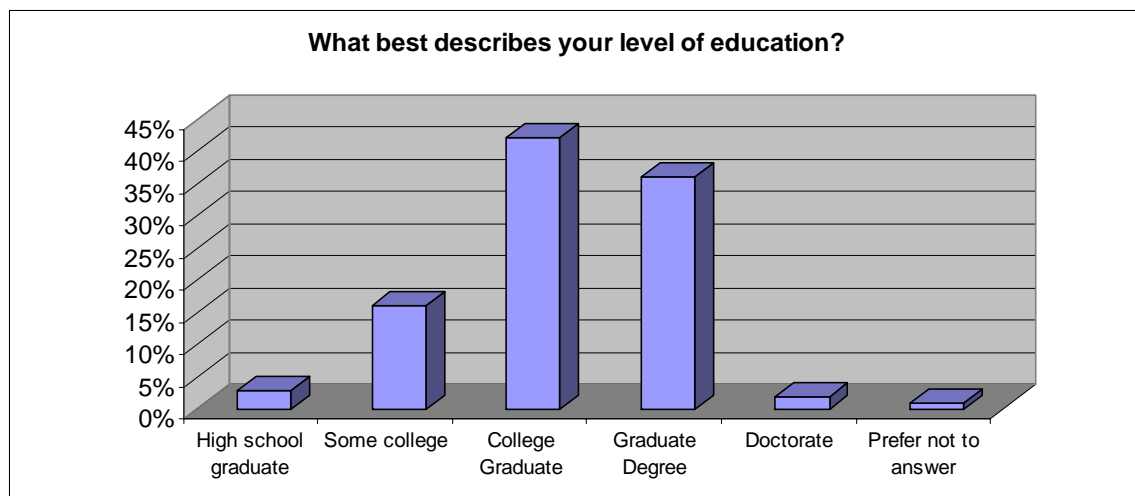


Figure 5: Level of Education Data

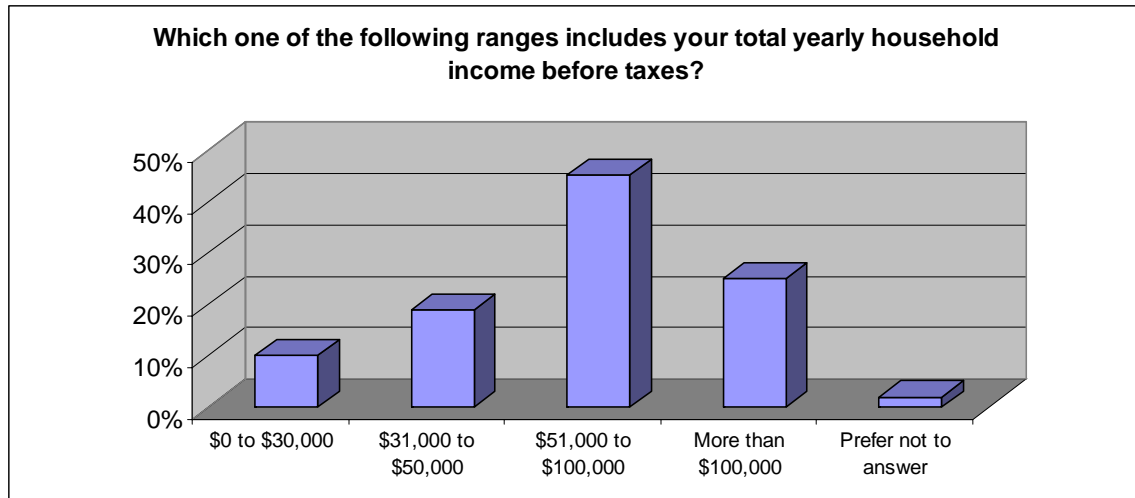


Figure 6: Household Income Data

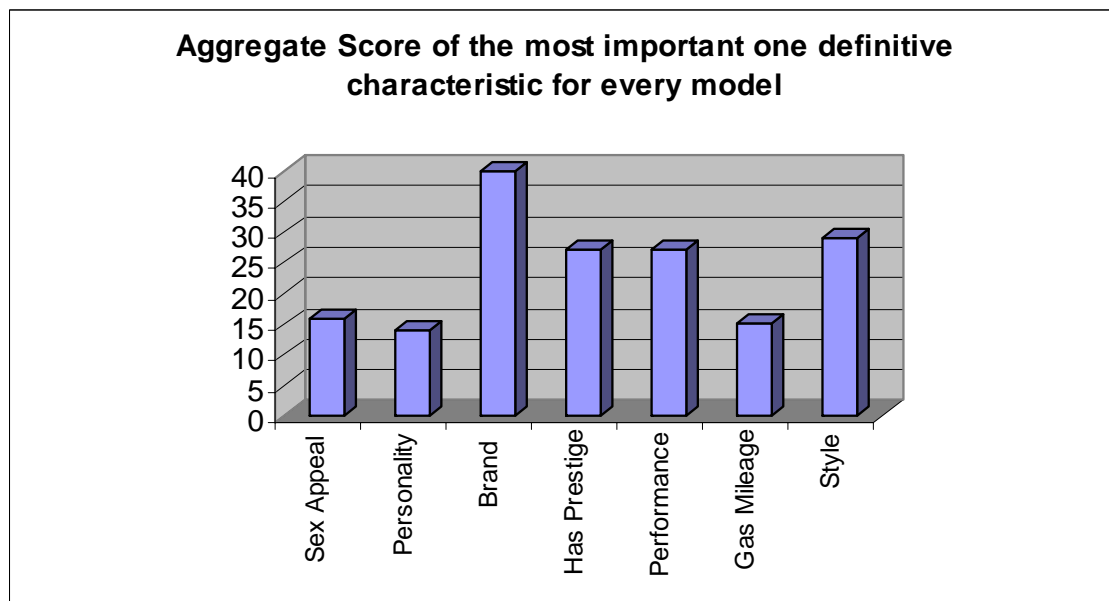


Figure 7: Aggregate Score of Definitive Characteristic

5. Skewed Data

In primary research, data is collected specifically for the study at hand. The decision was made to use direct and indirect quantitative research techniques such as a Face to Face survey (Chicago Auto show survey – See Appendix II) and online survey (Zoomerang – See Appendix I).

When conducting primary research, there is always a risk of having skewed data samples when trying to reach a diverse target audience. In the primary research study there were two specific areas of skewed data.

a. Geographic

Conducting the Chicago Auto Show survey produced interesting information but it was not until later that skewed data was discovered. The group had the privilege of conducting the survey in the Cadillac display area near the new 2008 CTS. Mr. David Sloan, director of the Chicago Auto show, limited the location the authors were able to solicit potential respondents. This was to prevent the distraction of potential customers and auto enthusiast from viewing other automobile manufacturers.

This limitation put the survey at a disadvantage, resulting in a sample of primarily Cadillac loyalists. It was evident that the data was skewed when comparing the Zoomerang online survey to the Chicago Auto Show survey with regards to ranking the cars in order of purchasing preference. According to Table 4 only 11 percent of the Zoomerang data sample selected Cadillac as there first choice, while 35 percent selected Cadillac as their last choice. According to Table 5 it was just the reverse, 38 percent of the Auto Show respondents selected Cadillac as their first choice and 11 percent selected Cadillac as the last choice.

Table 4. Purchase Ranking - Zoomerang

Zoomerang Online Survey

| 2. Please rank each of the cars 1 to 6 in the order you would be likely to buy. From 1 "most likely" to 6 "least likely." Please do not let price influence your decision. | | | | | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|-----|-----|-----|-----|-----|-----|
| Acura TL | # of samples | 36 | 24 | 44 | 41 | 51 | 48 |
| | % | 15% | 10% | 18% | 17% | 21% | 20% |
| BMW 3 Series | # of samples | 54 | 60 | 43 | 32 | 30 | 24 |
| | % | 22% | 25% | 18% | 13% | 12% | 10% |
| Cadillac CTS | # of samples | 26 | 21 | 27 | 37 | 47 | 85 |
| | % | 11% | 9% | 11% | 15% | 19% | 35% |
| Infiniti G35 | # of samples | 25 | 44 | 44 | 45 | 51 | 31 |
| | % | 10% | 18% | 18% | 19% | 21% | 13% |
| Lexus IS 350 | # of samples | 62 | 50 | 47 | 42 | 25 | 19 |
| | % | 25% | 20% | 19% | 17% | 10% | 8% |
| Mercedes Benz C230 | # of samples | 44 | 44 | 41 | 45 | 35 | 35 |
| | % | 18% | 18% | 17% | 18% | 14% | 14% |

Table 5. Purchase Ranking – Chicago Auto Show

Chicago Auto Show Survey

| 2. Please rank each of the cars 1 to 6 in the order you would be likely to buy. From 1 "most likely" to "least likely." Please do not let price influence your decision. | | | | | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-----|-----|-----|-----|-----|-----|
| Acura TL | #of samples | 5 | 5 | 8 | 15 | 22 | 48 |
| | % | 5% | 5% | 8% | 15% | 21% | 47% |
| BMW 3 Series | #of samples | 23 | 28 | 21 | 13 | 15 | 5 |
| | % | 22% | 27% | 20% | 12% | 14% | 5% |
| Cadillac CTS | #of samples | 40 | 11 | 13 | 15 | 14 | 12 |
| | % | 38% | 10% | 12% | 14% | 13% | 11% |
| Infiniti G35 | #of samples | 3 | 9 | 20 | 22 | 34 | 17 |
| | % | 3% | 9% | 19% | 21% | 32% | 16% |
| Lexus IS 350 | #of samples | 24 | 30 | 14 | 22 | 7 | 8 |
| | % | 23% | 29% | 13% | 21% | 7% | 8% |
| Mercedes Benz C230 | #of samples | 10 | 22 | 29 | 18 | 12 | 14 |
| | % | 10% | 21% | 28% | 17% | 11% | 13% |

The Cadillac display area also caused skewed data on what type made car was preferred. Cadillac loyalist are extremely confident that American made automobiles are the best made vehicles, 59 percent found that American made was the most preferred new car purchase versus the extremely low percentage of the other made automobiles. If the team had been allowed to survey outside the Cadillac area, it is believed a more diverse sample could have been achieved.

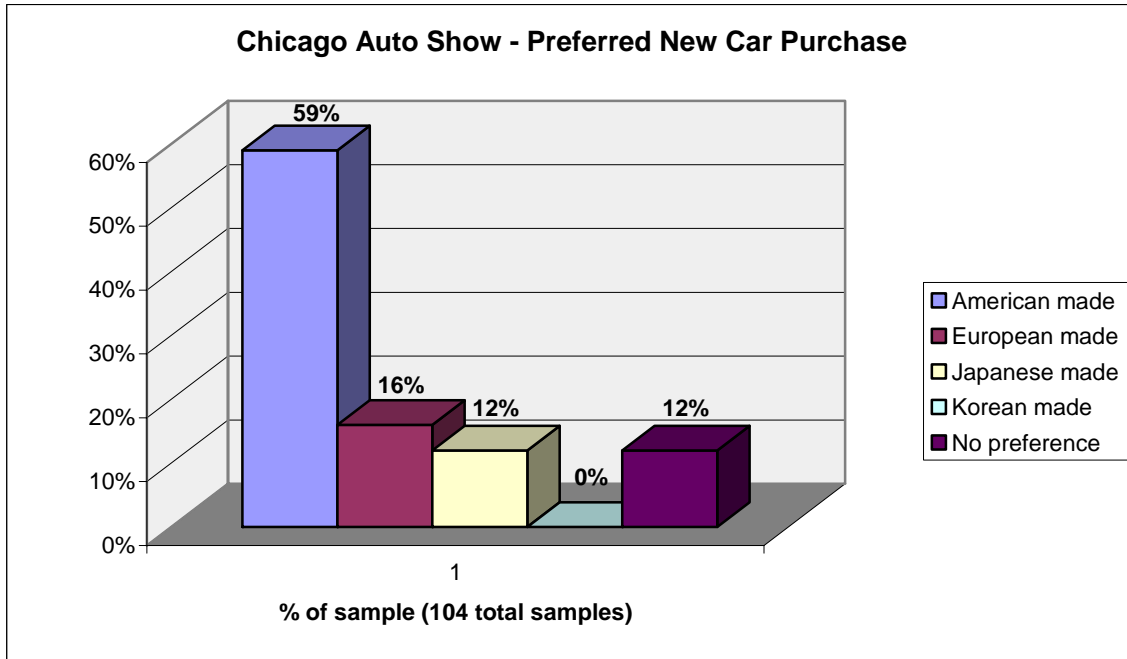


Figure 8: Chicago Auto Show – Preferred New Car Purchase

b. Magazine Trends

Magazine readership was found to be skewed at the Auto Show due to a large sample of people with the same hobby. This question was asked to help the authors conduct analysis on which magazines would be the best to market in using the \$30M dollar budget that was allocated for advertising. There was a substantially higher readership in Auto and Cycles magazine categories 39 percent than our Zoomerang Online Survey which only resulted in 11 percent readership. This skew pushed the Auto and Cycles magazine in the top selection to place advertising dollars. This would have been different if we were not at the Chicago Auto Show.

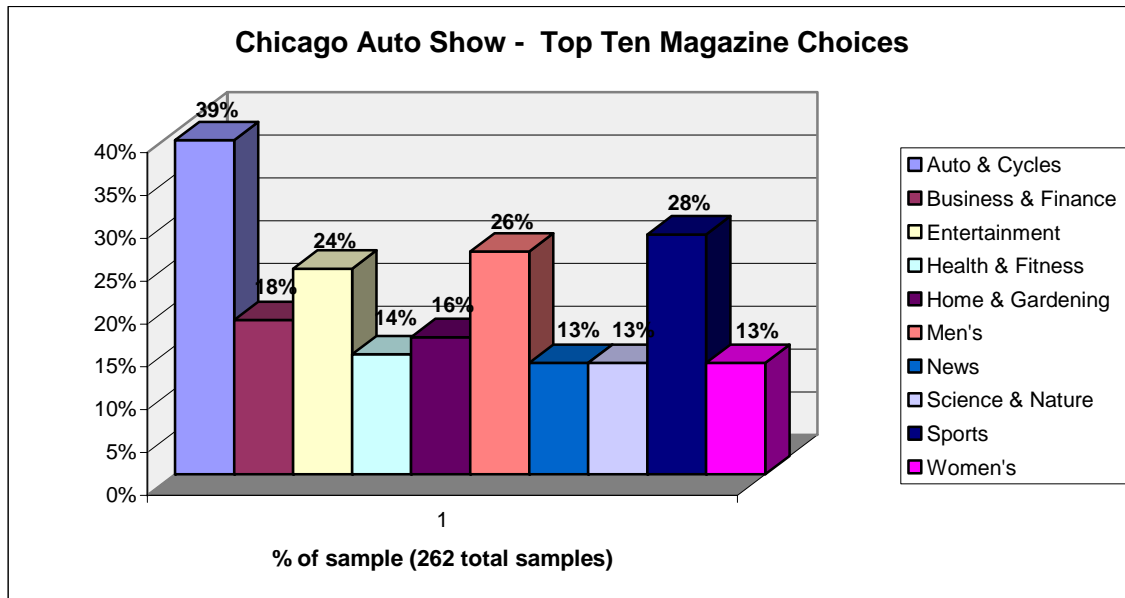


Figure 9: Chicago Auto Show – Top Ten Magazine Choices

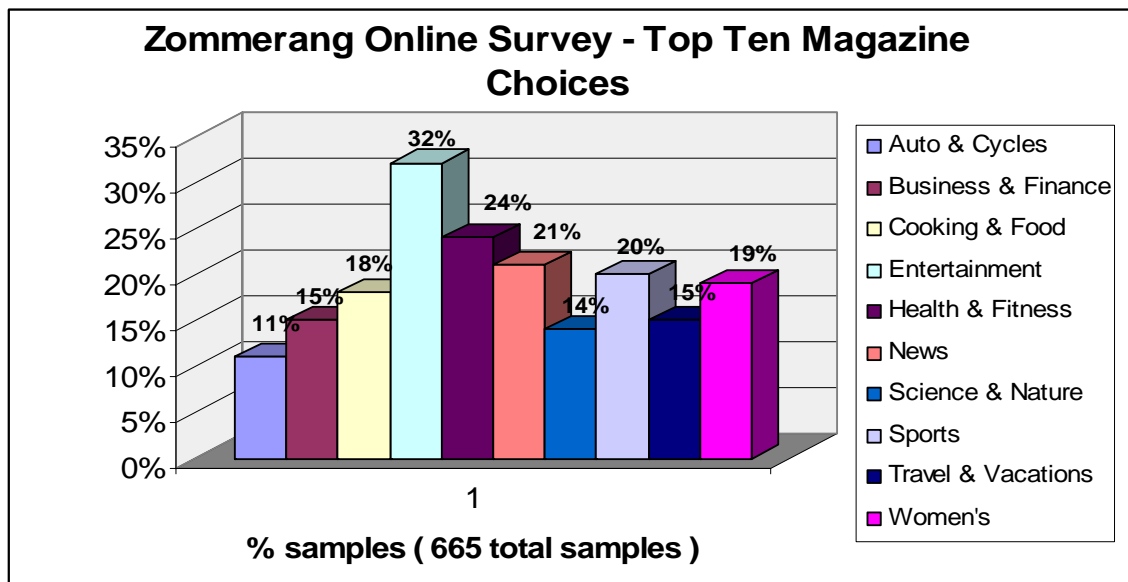


Figure 10: Zoomerang Online Survey – Top Ten Magazine Choices

Ninety one percent of the respondents were from the mid-west region of the United States skewing the data due to regional cultural influences. This caused a problem with not being able to collect different environmental and economical backgrounds. The top three United States automobile manufacturers reside in the Mid West region. General Motors, manufacturer of Cadillac, is the single largest auto maker

in the United States residing in Detroit, Michigan. This could have geographic favoritism toward Cadillac brands. Customers tend to select products that they are familiar with and can relate too.

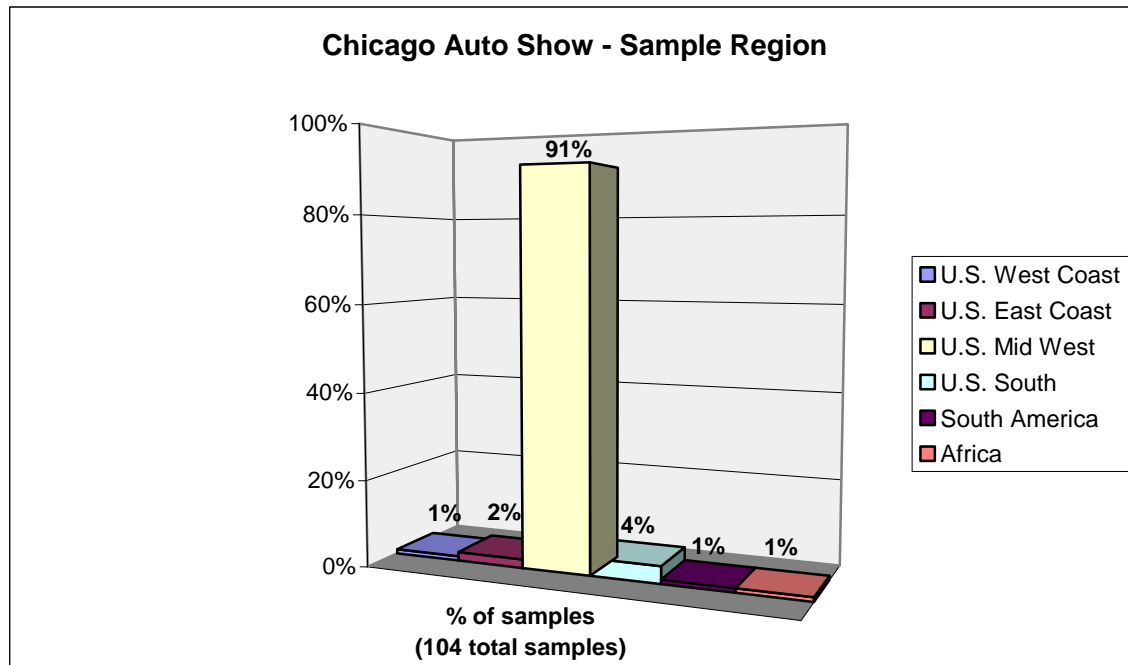


Figure 11: Chicago Auto Show – Sample Region

c. Demographic

Demographics played a big part in determining results on both the Chicago Auto Show and Zoomerang Online surveys. Results showed that 72 percent and 79 percent respectfully, of respondents were Caucasian. This did not allow for demographic diversity within our samples. It is very important to have a mixture of ethnic backgrounds responding to make your results more reliable. White/Caucasian income levels are higher on average than Hispanic and African American levels.⁴² A large segment of the Escalade surge that has infused the Cadillac brand is virtually omitted from this survey and may impact findings beyond the scope of the researchers. Cadillac CTS is a luxury product and is more easily purchased from families that have

⁴² Irwin McGraw Hill, Chapter Six: Consumer Behavior, 24 April 2007, available from <http://www.mhhe.com/business/marketing/berkowitz/student/olc/els06.html>; Internet; accessed 24 April 2007.

higher income levels. Income levels among those groups who did not participate are unavailable to contrast with answers from the survey. Income may influence any luxury purchase choices and therefore may have been a decision factor in selecting the 2008 Cadillac CTS.

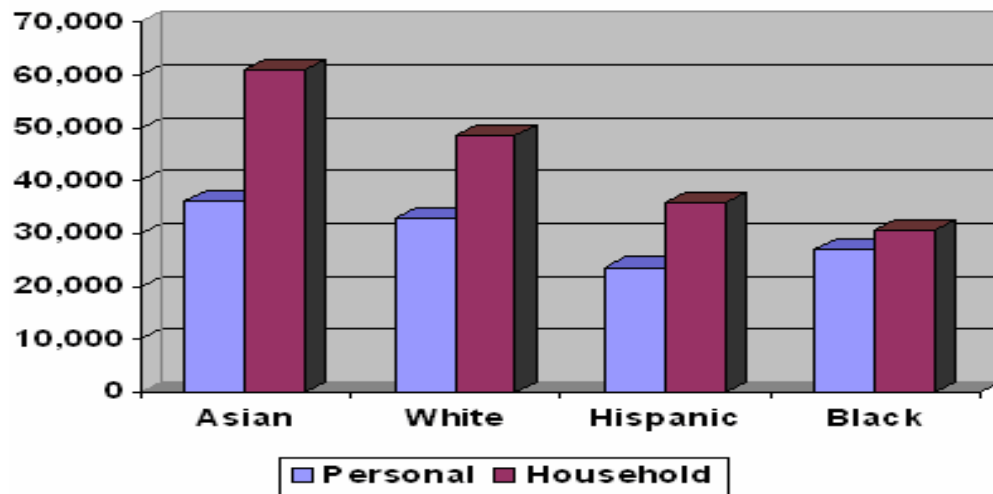


Figure 12: Ethnic Income Levels (After: en.wikipedia.org/wiki/White_American)

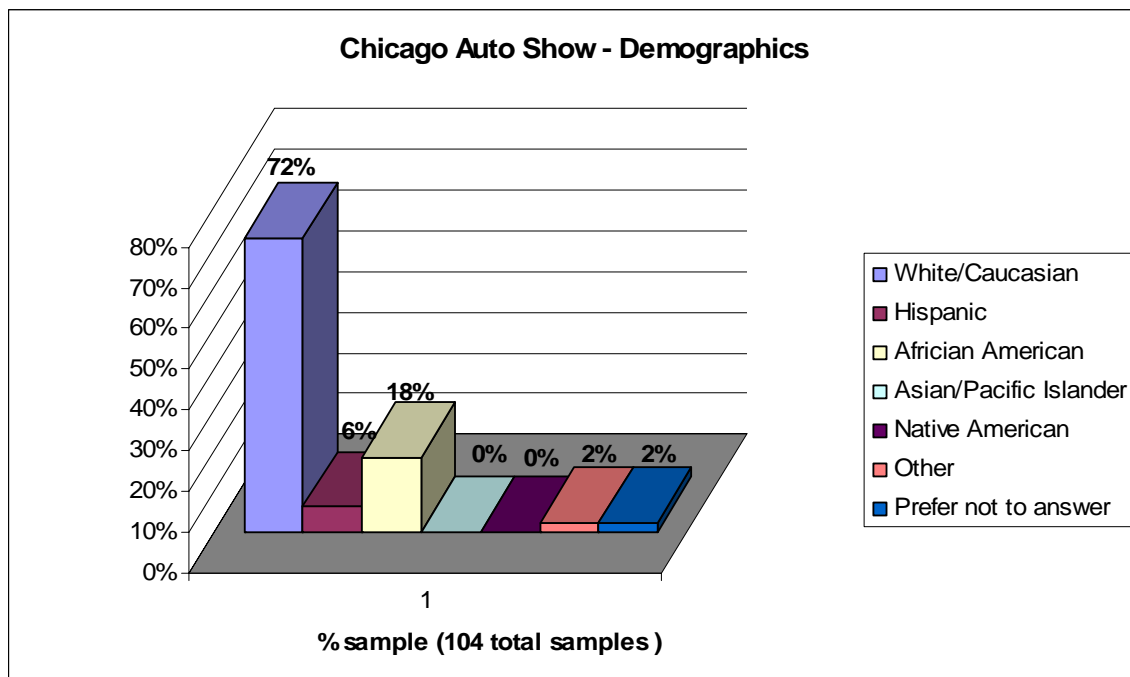


Figure 13: Chicago Auto Show - Demographics

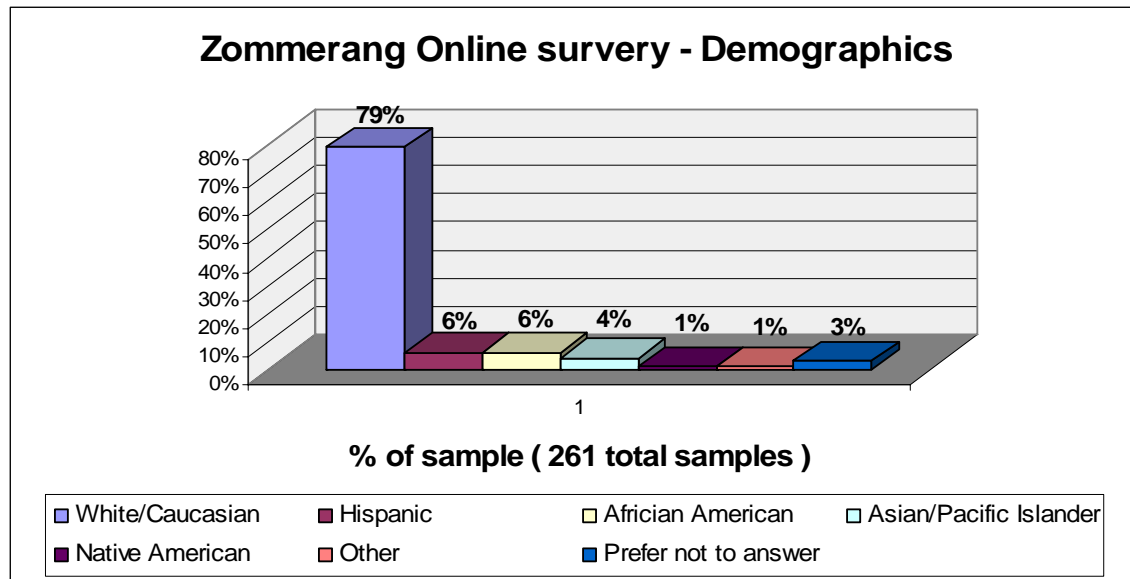


Figure 14: Zoomerang Online Survey - Demographics

C. SECONDARY RESEARCH

1. Problem Formulation

The purpose of secondary research was to use existing expertise, enlarge the vision of the Cadillac problem and determine recommendations within a short timeline. The research examined possible reasons why the largest automaker in the world was consistently losing market share at all levels of automotive sales, specifically the Cadillac luxury brand. To determine how to sell the CTS to consumers, additional research was needed as to why they were not leading their competitors. These mostly qualitative perception based problems could then be addressed and recommendations formulated for action.

2. Literature Search

The group used internet based searches and automotive magazines for a fundamental portion of the research. Inside this group of documents considerable comparison detail was discovered. Dedicated topic professionals consistently update the

field of competitors to the public through side-by-side comparison articles and feature highlights designed to inform the public consumers about the standing of each vehicle. One point that was both noticed and documented was the bias against the American brands that has served to degrade their sales.

The human factors and socio economic drivers relating to purchase, media usage and organizational behaviors were well documented in journals and books. A large amount of generational trait data was needed to design specific approaches to the variety of advertisements recommended later in the project. One book that was essential in this area was “Mind Your X’s and Y’s.” This book takes a thorough look at the most dynamic future demographic for the luxury industries. Together with census and general information gathered through various sources the group confirmed its choice for the most valuable demographic for Cadillac to pursue to increase the CTS sales.

For web presence and web commerce ideas, the internet is unmatched for research. Not only is the information available, examples can be found to support most new ideas that are recommended for implementation by the CTS marketing team. Notable exceptions to this rule were the industry firsts recommended to Cadillac for the CTS, complete purchase online and modifications by third parties.

3. Analysis and Interpretation

The automotive press is biased against the American manufacturers and that translates into consumer bias. Negative impressions apparently stem from quality deficiencies in the 1980s having little to no basis today. Public perception may be substantially lagging behind many improvements implemented by American manufacturers.

There may be a gap between consumer demand and the production drive of the manufacturers. Producing what the company perceives as profitable may force consumers to choose between options they are not likely to choose. This idea of “push” has given the more “pull” oriented foreign companies an advantage in the mind of the consumer; foreign companies appear to be more customer service oriented.

CTS looks, performance, and prestige do not match the competition in the category. As one report noted, a \$300 improvement to the interior would have made the other \$40,000 spent on the car worthwhile. This area of design for the CTS is filled with “almost” successes. Wheels on the 2008 are a prime example of past mistakes that apparently Cadillac is not willing to recognize. As the company brought into GM for innovation and quality, they will have to focus and stay ahead of the competition to compete and thrive. Auto blogs and auto press are often quick to predict the demise of various models, but relatively small shifts in design can generate enormous gains in consumer support. The Escalade is an example of how the right group can influence a substantial product resurgence. Once sports and hip hop celebrities were identified with the product, many of their supporters followed suite fueling a Cadillac boon. Although research suggests that CTS will connect with a different demographic, “Move-Up” leaders will probably need to proclaim the car’s features counter auto sales dominated by Asian and European models.

III. RECOMMENDATIONS AND CONCLUSIONS

A. RE-POSITIONING

1. Product Association

As stated in Berkowitz's *Marketing 6th edition*, the five steps in the consumer decision process are: problem recognition, information search, alternative evaluation, purchase decision and post-purchase behavior.⁴³ The research demonstrated a break in this line of progression that may be preventing Cadillac from maximizing sales in the competitive category. Simply stated, likely buyers are not classifying the CTS with other similar models from alternative companies. In fact, when interviewing both Cadillac auto show employees and dealership sales managers it was clear that the lower echelon of Cadillac was not uniform in the belief that CTS shared likely buyers with offerings such as Lexus and BMW. Until informed of the similarities of the CTS with its competitive group the average buyer may never enter the information gathering stage due to an inability to relate Cadillac as a primary or substitute product in the entry level luxury category of the sedan market.

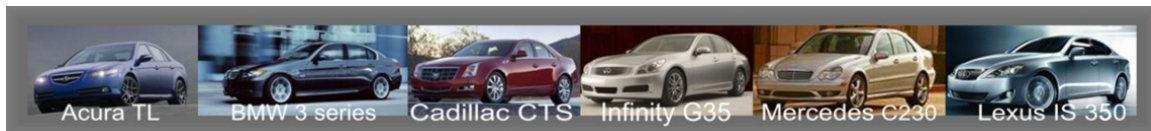


Figure 15: Leading Competitors of the CTS Sedan

Respondents ability to talk without bias in surveys, focus groups and interviews improved considerably after seeing the picture bar labeled Figure 15. Visualizing competitor models forced a realization that Cadillac offered a like item to other brands in the form of the CTS. Once respondents made the connection in both size and

⁴³ Irwin McGraw Hill, Chapter Six: Consumer Behavior, 24 April 2007, available from <http://www.mhhe.com/business/marketing/berkowitz/student/olc/els06.html>; Internet; accessed 24 April 2007.

performance to other entry level luxury offerings, dialogue improved and more favorable comments were witnessed concerning Cadillac. Cadillac has to reduce the mental comparisons to DTS and STS models within the market segment. Building a visual relationship between the competitors and the CTS is the fastest way to generate the mental association required to shift more customers to the CTS.

One example of the mental shift photos can produce is demonstrated below. Notice the drop in “reliability” as a factor from one graph to the next. The second response came after seeing pictures of the 2008 CTS and Table 15. Our conclusion is that the shift is partially due to regency phenomenon, but does demonstrate how showing a clear competitive group can lead consumers to associate with other attributes. The survey respondents shifted their responses from reliability to looks and luxury after viewing CTS pictures. Many consumers will not consider the CTS as a competitive opportunity in a real purchase situation simply because they may not perceive Cadillac as a vehicle fulfilling that particular need. In time, by repeating this association, consumers looking for a Lexus will consider the CTS as a substitute; where differentiation, brand loyalty, and other factors can lead to conquest sales.

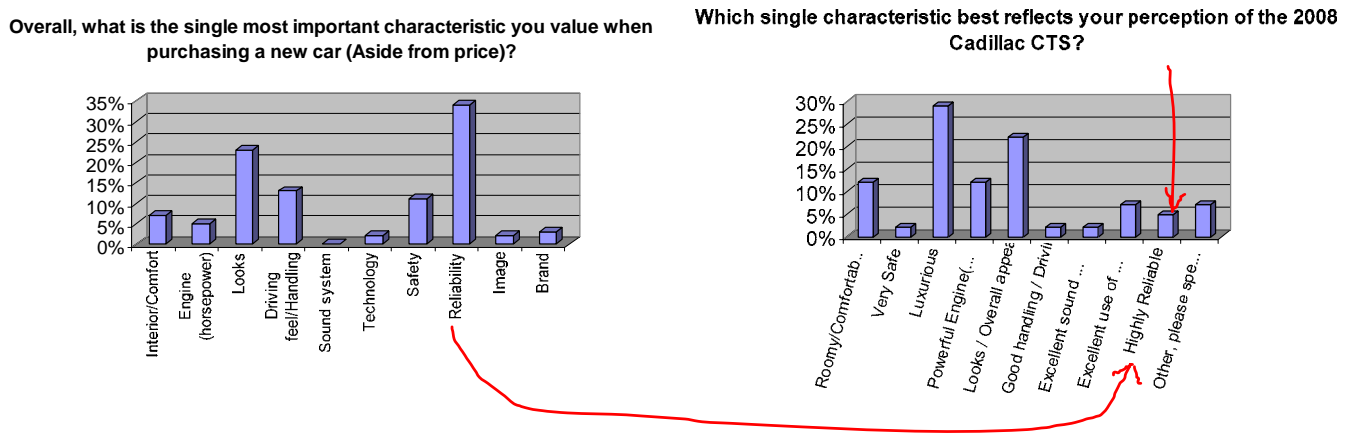


Figure 16: Dual Data Charts – Most Important Value & Single Characteristic

One of the problems facing CTS is the Cadillac brand personality, which is a set of human characteristics often associated with a brand name.⁴⁴ They are seen as “my

⁴⁴ Irwin McGraw Hill, Chapter Six: Consumer Behavior, 24 April 2007, available from <http://www.mhhe.com/business/marketing/berkowitz/student/olc/els06.html>; Internet; accessed 24 April 2007.

parent's car" and as a "luxury car manufacturer," but their sedans do not hold esteem with the younger buyers without modifications. To gain younger consumers the CTS must project a younger image. It is difficult to break the current brand persona as an older person's car without radically changing the surroundings in both sales outlets and promotional advertising. Consumers will choose brands that show a similarity to the image that buyers desire to project.

The positive news for American labels including Cadillac is that most buyers buy irrespective of national loyalty, i.e., the vehicle most representative of customer needs and expectations is purchased, Cadillac has been able to maintain some brand equity or added value attached to their name throughout the past declining years, and can use that reputation to re-emerge as the highest quality U.S. automaker. From there they could compete with foreign automakers for overall global market share.

Cadillac must show the CTS in commercials with the competition. If Cadillac wants the public to know it offers an entry level luxury sedan, they must proactively show the competition. Focus groups showed that the public does not generally know that Cadillac has a smaller luxury car that is sporty and luxurious.

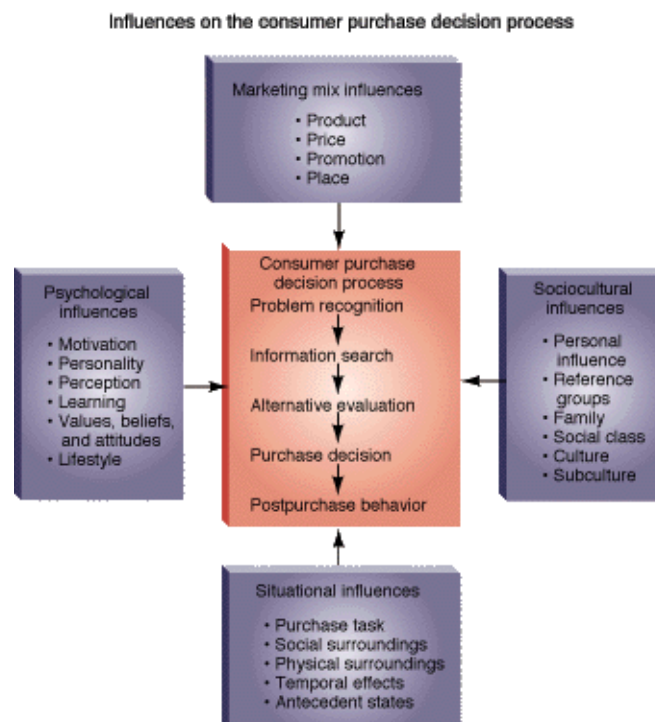


Figure 17: Influences of Purchase Decision Process (After: Footnote 43)

2. Product-line Differentiation

It became clear after conducting two focus groups that product line differentiation among Cadillac sedans was a problem. Almost all the members in both focus groups had no idea what the abbreviation CTS stood for; what was different from other Cadillac offerings and from what competitors it was trying to win conquests. Participants were generally surprised by descriptions of the CTS dimensions. Being only 2" wider than the 3 series BMW it holds a place that is not associated by the majority of auto consumers when thinking of the Cadillac brand. Generally, consumers cling to the image of the larger more inefficient sedans. This is increasingly detrimental to all American manufacturers as the price of fuel increases.

Cadillac is styling their three sedans; CTS, STS and DTS to closely resemble each other. This makes it difficult for the average consumer to distinguish among the cars. This leads to a lack of association with the appropriate competitive cars from other auto manufacturers as discussed in the product association Section 3-A-1. It may also be reducing the perception of value that high-end consumers place on the Cadillac brand. For example, a customer who wishes to buy a luxury vehicle for the prestige will not want a similar vehicle to be sold for a greatly reduced price. When the 2008 CTS is introduced it will have virtually the same features as the "flagship" DTS and cost tens of thousands less to purchase. The DTS sells for much less than the top import luxury cars. The end result is a lower value relationship with the brand than the competition.

To reestablish Cadillac as a brand leader in the luxury category the company may need to revert to what made them famous to General Motors in 1909: innovation, quality and luxury. The fear of going too far has held this company back for 25 years, a time long enough to allow improvements, modernization and shifting consumer outlooks to power foreign competitors into lead positions throughout virtually all automotive sectors. Cadillac moved toward a lead design role with the "art and science" edged shaping of the last major body change. It capitalized on this design momentum and brought the XVI Concept Car to the Detroit Auto Show in 2003; a design well regarded throughout the auto industry. It was not produced due to the projected cost. Failure to extend the brand

and offer truly luxurious models has again reduced the value of the brand as measured against vehicles such as the Mercedes SLR McLaren priced at \$455,000 before optional luxury items are added. If Cadillac desires to remain a member of the luxury automotive category, they must offer the level of luxury sought by influential brokers of wealth buying top-end luxury goods.

The dynamic difference between low-end luxury and high-end distinguishes each product in the line, encouraging more choices to draw-in younger buyers to low-end luxury as a move toward one day obtaining the high-end products. This ability to grow consumers and gain loyalty early is paramount. This requires General Motors to better coordinate the lineage of entry-level consumers and luxury consumers to solidify relationships with buyers that start and end inside the GM family of cars; Cadillac being one portion of that plan.

We recommend retiring the STS product line. To the extent that the STS was meant to fill a gap between the CTS and DTS, the STS has been styled so closely to the CTS that it distracts from CTS sales. All of the features that use to be STS specific (the automatic with the V-8) are found on the CTS. Additionally, the STS is the lowest selling car in the stable.

B. RE-BRANDING

1. Logo



Figure 18: CTS Logo

With the long standing image of luxury, large size and low fuel economy deeply seeded in the American auto buyer, Cadillac has a distinct challenge to draw a youthful

image to the CTS without alienating the loyalist buyers that have stayed with the brand through the years. One method to use is re-branding a single product from within the existing line of automobiles sold today. A perfect time to attempt this type of branding shift is during a major renovation of the product. All of the changes coming on the 2008 CTS signal just such a select opportunity.

The proposed logo stems from Cadillac's heritage of winged vehicles and corresponding logos during the 1950s. The combination of retro wing design and the trendy simple script tie an older historical design to the current audience.

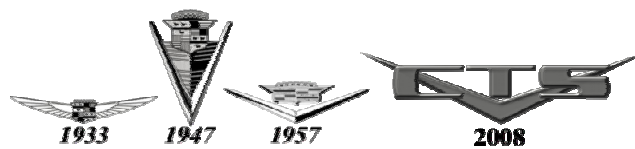


Figure 19: Multiple Cadillac Logos

Cadillac seeks to capture now and in the future. The CTS has been considered by Cadillac as the model car to potentially compete directly with the many variations of the BMW 3-Series sedan line. If Cadillac does decide to make several variations of the CTS, the new logo will help to differentiate the CTS from the competition and the remaining Cadillac sedan line-up.

Differentiation is an important step to establish the critical mass of consumers who rediscover Cadillac automobiles, especially among the target audience. It was noted in the surveys and during interviews that consumers simply did not see suitable substitutes for the competitive class within the Cadillac stable. Also noted was once the distinction between larger sedans and the CTS were brought to light, the consumers more accurately compared the CTS against its competition. For long-term success Cadillac will have to reduce the distance that they have developed between the company and their target buyers. Perception of American brands as low quality, high cost and low return investments must be replaced with quality, close relationships and continued innovation. An icon which can generate new bonds between those buyers, the CTS and the new image of Cadillac is the proposed logo. There is no need to remove the Cadillac crest since it has maintained a perception of luxury, but focus should be placed on the “new”

ideas and capabilities the CTS brings to the stable. A natural association with the direct competition can be established and retained in the minds of the buyers until the day they shop for their luxury automobile. The logo should trigger a desire to look deeper at the car and generate a feeling of exclusivity that holds enough difference and value to generate sales.

In survey responses and interviews it was clear that the Cadillac emblem alone does not generate the exclusive feel younger buyers envision for themselves. That can be shifted with education about features, but as the attractive exterior lines of a car draw buyers to peek into the window, the emblem needs to tie to the sexy successful image so important to the move-up demographic. The Mercedes survey responses illustrate this best. While most buyers could not discuss features or performance of the car, the perception of the brand was exceptionally high. The logo generates an expectation of a superior product to the eye as clearly as the “Ultimate Driving Machine” pronounces the status of BMW to the ear. The proposed logo is a clean and attractive design that denotes style and cosmopolitan taste, but is not counter to the lines of the traditional crest.

This design is likely to be well received based on the positive feedback from surveys and people who viewed the presentation. Furthermore, the international success of the XVI Concept Vehicle as a design mark, which used the “V” design in various ways, seems to show a favorable public opinion. Good looks of the design and increasingly favorable opinion by the automotive media have all the makings of an image make-over. If Cadillac uses this as an opportunity to break with some of the old ingrained stereotypes, they can jumpstart a new public perception.

2. Tagline



Figure 20: Revive The Drive Logo

Within the past year, Cadillac replaced their previous ad agency (Leo Burnett) with Boston-based ad agency "Modernista!" in an attempt to change their image.⁴⁵ It seemed Leo Burnett ran out of fresh ideas to stay on the road with Cadillac. Cadillac dropped the "*Break Through*" slogan and their "*luxury with attitude*" mantra that seemed to have become synonymous with the Cadillac name.⁴⁶ The Modernista/Cadillac makeover strategy attempts to break-away from the image as an old man's car and transition Cadillac with an all-new ad/image campaign: "*Life, Liberty, And the Pursuit.*"⁴⁷

We proposed changing the tagline "*Life, Liberty, And the Pursuit,*" because it did not communicate what we wanted, and still felt synonymous with the old man's car image. The approach of selecting a tagline for the Cadillac CTS marketing strategy was arduous. A tagline is a short phrase that explains Cadillac's unique selling proposition then attempts to and creatively set it apart from its competitors by summing up its essence, focus or benefit.⁴⁸ However, the difficulty lies in not just coming up with a cliché but making the tagline memorable in order to reflect a part of Cadillac's renaissance and identity just as its logo does. This project sought to create a refreshing precept for the Cadillac CTS campaign which included storyboards for TV commercial, print ads and more.

⁴⁵ Crubsandfents.com, Cadillac, Modernista, and the Pursuit, 31 July 2006, available from <http://crubsandfents.wordpress.com/2006/07/31/cadillac-modernista-and-the-pursuit/>; Internet; accessed 24 April 2007.

⁴⁶ Ibid.

⁴⁷ Ibid.

⁴⁸ Museummarketingtips.com, Taglines...More Than Just a Quicker Picker-Upper, 24 April 2007, available from <http://www.museummarketingtips.com/articles/tags.html>; Internet; accessed 24 April 2007.

5 STEPS TO A TAG-LINE

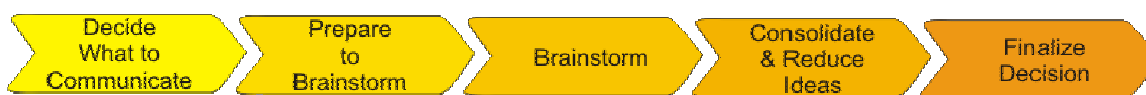


Figure 21: 5 Steps to a Tag-Line

The CTS project took a five step approach for developing a tagline.⁴⁹ The first step was deciding what to communicate with the tagline as reflected in the creative marketing brief (i.e., the belief, behavior, background, role of advertising, audience, single most important message, believability, tone, manner and feeling).⁵⁰ The second step of the process was preparing to brainstorm.⁵¹ Taglines from other companies were examined to generate ideas, paying attention to how words were used and put together. Another method used to develop the new tagline was to come up with different ways to phrase similar ideas and rhyming patterns. The third step was a total team brainstorming session.⁵² Although costly in time, brainstorming anything that came to mind even if it did not appear to make sense, or even if it seemed ridiculous at the time appeared to generate multiple options for consideration. All ideas were recorded on paper, then reduced in the next phase, consolidating the list.⁵³ Extracting each group member's "top ten" list of potential taglines was done by secret ballot to prevent idea dominance and groupthink. An additional scrub reduced the list to the top three taglines from each member. The final step was choosing the best tagline out of the short list of possibilities.⁵⁴ Some voting occurred for each possibility finally resulting in the best tagline: "*Revive the Drive*".

⁴⁹ Websitemarketingplan.com, 5 Steps to Developing Tag Lines for Your Product, Business, or Website, 24 April 2007, available from <http://www.websitemarketingplan.com/online/taglines.htm>; Internet; accessed 24 April 2007.

⁵⁰ Ibid.

⁵¹ Ibid.

⁵² Ibid.

⁵³ Websitemarketingplan.com, 5 Steps to Developing Tag Lines for Your Product, Business, or Website, 24 April 2007, available from <http://www.websitemarketingplan.com/online/taglines.htm>; Internet; accessed 24 April 2007.

⁵⁴ Ibid.

Prior to selecting the final two options, the rationale behind the taglines were carefully examined and discussed. The selected tagline, “*Revive the Drive*” attempts to frame the transition from the mundane drive of the “daily grind” to a luxury motoring experience. A premise is that Americans have *forgotten* their love of driving due to the grind of their daily commute and busy lifestyles. The CTS marketing group must convey that sitting in any other car is like flying coach, but a CTS is first class! “*Revive the Drive*” was designed to symbolize the revival of an American Icon as *the* premiere driving experience.

A double entendre tagline was intentionally selected due to multiple meanings. i.e., associate your new drive for success with the pleasure of driving a CTS automobile.

The tagline was also intended to be gender neutral to cater and target both male and female target audiences. “*Revive the Drive...for Comfort*”, for example, specifically targets the female audience. Based on focus groups conducted by the CTS project members, females favored comfort as an ideal feature. “*Revive the Drive...for Performance*”, specifically targets the male audience. This tagline was supported by data derived from the researchers-developed internet survey. Based on the male focus group, a dominant feature male drivers seek when making a purchase decision is performance.

C. COMMUNICATION PLAN

A successful communications plan effectively sells the brand. Once the communications plan is keenly niched, the old saying applies, “one rising tide lifts all boats.” By marketing to the Move-Up demographic CTS sales can lift the brand in the same way that Escalade sales promoted the prestige of the SUV line. Once association among this leadership heavy segment is propagated other Cadillac products will likely benefit.

The proposed communications plan sets into motion a course for Cadillac to capture new market share, increase conquest rate, increase sales volume and regain its prestige in the luxury sedan category. By communicating the Cadillac CTS towards the “Move-Ups”, the plan pairs the CTS to a tremendously influential, tech savvy and destined group. The plan offers an advertising mix reinforced with the introduction of a

new tagline, revamped logo and new website. The plan is designed to create a sexy, young and sophisticated atmosphere to capture hearts and minds. The “Revive the Drive” campaign is shrewdly emplaced throughout the various media to symbolize the revival of an American icon as the premiere driving experience to a premiere audience. The use of a new distinctive universal logo allows the target audience to associate the CTS line as a leading edge in luxury sedans. Connecting the target market to the CTS by means of a new interactive website, www.NewCTS.com, will generate the buzz and desire within consumers to investigate the all-new 2008 Cadillac CTS.

1. Media Mix

The two categories of media used to communicate the company’s vision are traditional and non-traditional. Based on a hypothetical \$30M budget, amounts were distributed to have the greatest impact in the three Cadillac overarching goals: increased sales, decreased average age of consumers, and increased prestige of the brand among luxury consumers. Examples of traditional media are television, magazine, radio and billboards. Non-traditional media consists of grassroots campaign, public events and internet-based mediums. Communicators can choose either type or both depending on prior assessments of effectiveness.⁵⁵ Media categories can have a synergetic effect producing better results than either type by expertly coordinating an overall communication plan.⁵⁶

⁵⁵ Manaek Simamora, Kurleni Ukar, Hadiat and Center for Innovation, Indonesian Institute of Sciences (LIPI), Public Communication Strategy in the Diffusion of Innovation and Technology of the Indonesia’s Public Research Institutes, 26 May 2007, available from http://www.inovasi.lipi.go.id/website/public_comm/strategy.htm; Internet; accessed on 26 May 2007.

⁵⁶ Manaek Simamora, Kurleni Ukar, Hadiat and Center for Innovation, Indonesian Institute of Sciences (LIPI), Public Communication Strategy in the Diffusion of Innovation and Technology of the Indonesia’s Public Research Institutes, 26 May 2007, available from http://www.inovasi.lipi.go.id/website/public_comm/strategy.htm; Internet; accessed on 26 May 2007.

Ibid.

2. Traditional Media

a. Television

Television has been considered one of the most effective mass-market advertising formats in the United States. Millions of potential buyers watch television each day. Advertising on television gives Cadillac the opportunity to reach a wide range of audiences and can be targeted by the channel and program to zone in on the most likely consumers of luxury automobiles.

The television advertising campaign also includes more traditional 30 to 60 second time spots run throughout the rollout period for the new Cadillac CTS. The ads must convey the same progressive and hip storyline designed to appeal to the Move-ups as in other media modes.

The advertising storyline conveys that Move-ups choose to buy the CTS and successful people of all ages respect their good judgment. The commercial begins creating a transition from the old idea that Cadillac must be the grandfather's car to the new idea of the CTS as the son or daughter's choice. The ad's concept represents the embodiment of a young successful college-educated working man and or woman who just earned their first promotion and decides to purchase a new Cadillac CTS. It brings excitement, sex appeal and vibrant visual effects to entice the target audience generating interest and attraction among buyers. The following lists the sequence of the storyline in chronological order:

Young Man Commercial

1. CTS Logo (Fly's in animated)
2. Young Man and Dad joking (generational respect/bonding)
3. Dad: "I'm proud of you son!" (shows approval by nuclear influencer)
4. Dad: "That was a really great ride!" (Door closes symbolizing change)
5. Show IPOD and Bluetooth features (Audio Energetic, "Sexy Back" conveys vitality)

6. Abra, an urban professional, confidently enters her CTS, showing that the car is for both men and women
7. CTS Engine Features (3.6L 300 Horsepower V6)
8. Cruise shots of CTS
9. Interior shots of CTS
10. Various shots of CTS (“Bringing Sexy Back” animated)
11. Collage of vibrant vids and pictures (Fly-in animated)
12. Tagline (Fly-in animated)
13. CTS Web Address (Fly-in animated)
14. Cadillac Crest (Fly-in animated)

Web banner flash advertising is very short in time and must catch the attention of the web browser quickly. The same idea can be used and coordinated to generate the same response in television advertising. Television flash media advertising will create a buzz around the new Cadillac CTS. This includes a six second video clip teaser. The teaser advertisements progressively reveal more of the CTS throughout the year prior to actual rollout. The idea is to generate interest without showing enough to prevent the consumers from visiting the web.

The teaser also identifies the “*Revive the Drive*” campaign tagline, the new emblem, and concludes with a reference to the new interactive website. Continuing the integration of ideas across multiple modes of media adds to the retention of the advertisement, generating more visits to the web site and or dealership.

b. Selection

The most important part of TV advertising is finding out which shows or categories add the most value. “Move-Ups” were asked in primary research surveys to select categories best suited for embedding advertisements. The survey respondents

selected Primetime (27 percent), Cable Entertainment (15 percent), News (14 percent) and Late Night (12 percent) as categories of television watched most often. (See Appendix III).

To maximize potential sales, skillful allocation of a company's advertising dollars are required. According to Nielsen Media Research, the target audience selected the following television shows such as *American Idol*, *Grey's Anatomy*, *Wheel of Fortune*, *Planet Earth*_etc. as the most widely viewed shows on television. (See Appendix IV) Based on the research, the proposed advertising budget targets these shows and categories. The proposed strategy reflects a TV advertising budget of \$8,089,377.60 from the total budget discriminatively allocated amongst the various television categories (see Figure 21). The strategy sought to maximize end product through a combination of targeting prime media categories and best value categories that offered cost-effective benefits. The plan also considers heavy advertising blitzes the month prior and during the rollout of the CTS.

The plan factors the correlation between the amount of viewers and the costs for an average 30 second TV commercial. The Cable Entertainment category is the most cost effective method to reach the target audience at 2,359 percent less cost to reach the same number of viewers as Primetime. This percentage represents the payoff between the two different television categories and costs of one consumer per second. (See Appendix V)

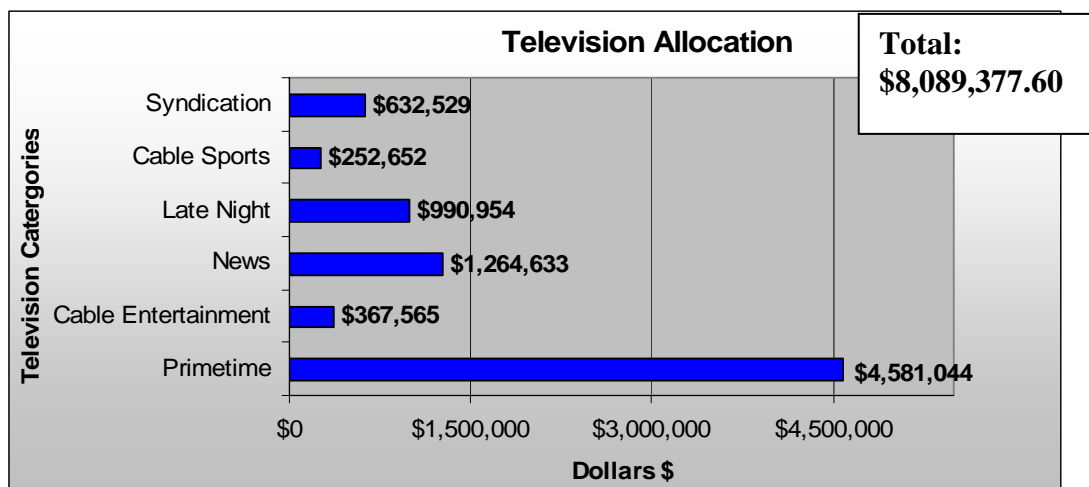


Figure 22: Television Budget Allocation

c. Publications

According to the Magazines Publishers of America, “Behind trade promotion, magazine advertising was more effective than any other element in the marketing mix. Among media, magazines were approximately 40 percent more effective than TV and 60 percent more effective than radio.”⁵⁷ Advertising in traditional print media like magazines is a great avenue to reach a target audience. Avid magazine readers tend to be very loyal to their specific magazines of choice.

The research from the focus group study and primary research found that men are more interested in exterior features and engine power, while women tended to be more interested in reliability and interior features. By responding to these differences in advertising campaigns focused specifically to men or women there will be a greater attraction to the ad and brand.

The “*Revive the Drive*” motto, in all the magazine print ads can be flexible and respond to the differences mentioned above. The use of gender oriented taglines like “Revive the Drive for Comfort” and co-locating them with advertisement titles such as, “We Saved You the Best Seat in the House...” generate a personalized feeling that is growing in importance with the upcoming generations. “I Call Driver’s Seat!” is a way to play on men who remember calling the front seat before other passengers. As an extension of our tagline, “Revive the Drive for Performance” could be targeted at various male-oriented magazines.

⁵⁷ Magazine Publishers of America, Measuring Magazine Effectiveness, Quantifying Advertising and Magazine Impact Sales, 24 April 2007, available from www.magazine.org/content/files/marketing_mix_BW.pdf; Internet; accessed 24 April 2007.

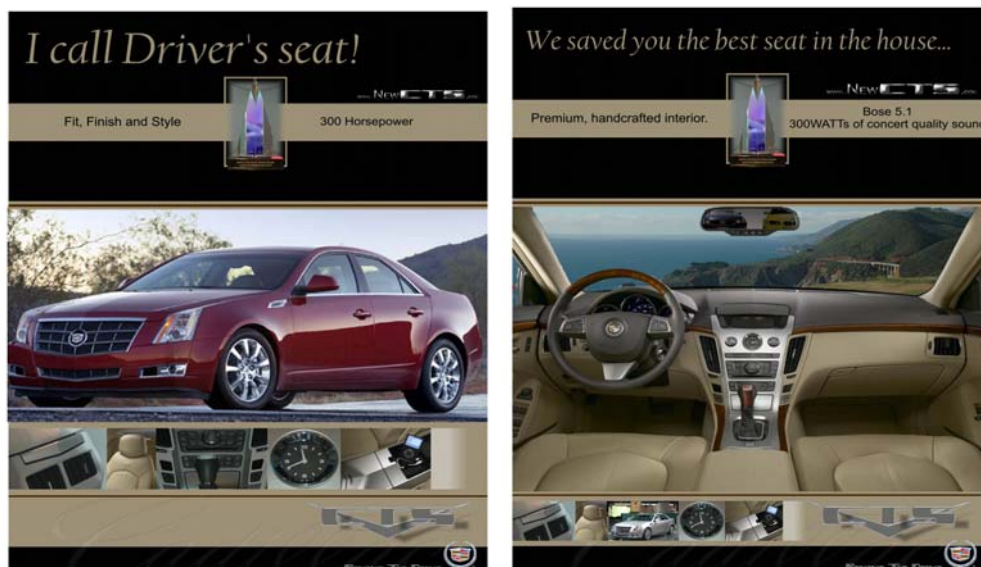


Figure 23: Print Media Advertisement

There is considerable leverage in placing relevant advertisements with appropriate magazines. Move-ups were asked in primary research surveys to select categories best suited for embedding advertisements in magazines. Based on the results, Move-ups selected Entertainment (12 percent), Sports (9 percent), and Health and Fitness (8 percent) as the top readership categories. (See Appendix VI)

Further research and analysis determined magazine by titles to focus advertising dollars and expand the communication reach. Automobile, women's, and business magazines were the main categories which merit budget dollars based on secondary research. Specifically, *Car and Driver*, *Cosmopolitan*, and *Time* were the most read magazines in their relative categories.⁵⁸

The proposed plan reflects a print media advertising budget of \$6,881,465 for the 2008 CTS campaign (see Figure 23). It also considers increased advertising blitzes the month prior and during the rollout of the CTS.

People magazine and *Entertainment Weekly* were used as a basis for correlating all the other magazines to see which magazine was most cost effective while

⁵⁸ Allyoucanread.com, Most Read Magazines In Their Relative Categories, 24 April 2007, www.allyoucanread.com; Internet; accessed 24 April 2007.

reaching the same amount of readers. *Entertainment Weekly* (40.5 percent), *Men's Health* (33 percent), and *Fitness* (18.8 percent) had the most positive cost correlation measures while reaching the same number of readers making them the best value for your advertising investment dollar. Appendix VII depicts the research findings on the cost measuring correlations.

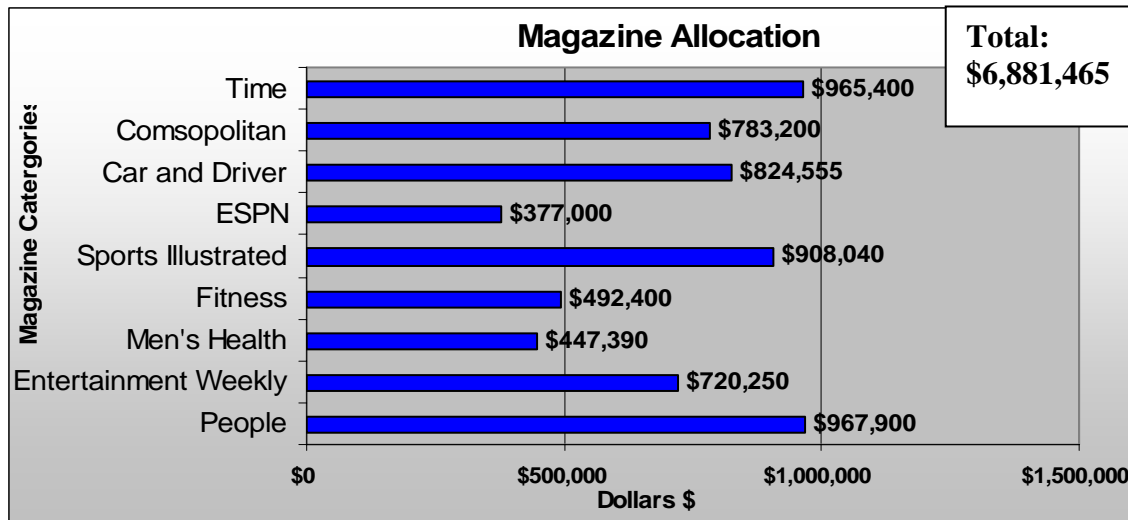


Figure 24: Magazine Budget Allocation

d. Radio

In a study provided by BIGresearch's, "4,121 respondents said Radio advertising was either 'very important' or 'important' in determining their purchasing decisions."⁵⁹ Radio advertising can help Cadillac reach a vast amount of buyers and capture the hearts and minds of the targeted segment. The "*Revive the Drive*" tagline relates verbal cues to visual commercial messages like TV and internet.

Timing is critical for reaching target audiences. In a study provided by Arbitron and Media Monitors "Morning-drive listening holds more than 94 percent of the lead-in audience during commercial breaks ranging from one to six minutes in duration.

⁵⁹ BIGresearch and WOI Radio, The Effectiveness of Radio; 16 July 2003, available from <http://www.woi.org/UW6.html>; Internet; accessed 24 April 2007.

The higher level of audience retention during the morning-drive suggests greater listener engagement and substantiates the value of morning-drive inventory”⁶⁰

Based on this research, the group proposed advertising during the morning commuting hours to capture a wider percentage of listeners. Advertising is very effective (95.7 percent) for men and woman ages 25-34 if played during the first minute of the commercial spot (see Figure 24), therefore securing key listening time slots for radio advertising may require a long-term relationship with selected radio stations can be maintained to ensure priority status.⁶¹

% of Lead-In Audience: Six-Minute Commercial Breaks

| | Minute 1 | Minute 2 | Minute 3 | Minute 4 | Minute 5 | Minute 6 |
|--------|----------|----------|----------|----------|----------|----------|
| P6+ | 96.2% | 91.8% | 89.2% | 88.5% | 87.9% | 89.2%* |
| P6-11 | 96.2% | 89.6% | 87.0% | 87.2% | 86.5% | 89.2% |
| P12-17 | 93.8% | 86.3% | 83.6% | 82.2% | 80.6% | 81.7% |
| P18-24 | 94.9% | 88.8% | 85.2% | 82.2% | 81.3% | 82.4% |
| P25-34 | 95.7% | 90.8% | 88.0% | 87.2% | 85.5% | 86.3% |
| P35-44 | 96.4% | 92.6% | 90.6% | 91.2% | 91.3% | 93.3% |
| P45-54 | 97.0% | 94.2% | 92.0% | 91.9% | 91.8% | 93.0% |
| P55-64 | 99.1% | 98.2% | 95.6% | 94.5% | 95.2% | 96.5% |
| P65+ | 98.5% | 98.5% | 96.5% | 97.5% | 98.9% | 100.4% |

Figure 25: Lead-In Audiences

Based on the plan, the proposed CTS commercials are programmed to play within the first minute of a commercial spot. Airing radio advertisements during peak times within the 400 largest city dealership areas during rollout months, Cadillac maximizes the probability of reaching Move-ups and increasing sales to their target.

The cost of making a commercial advertisement on average is a one time fee of \$2500. To minimize cost spending on radio advertisement in the 400 biggest city dealership areas Cadillac should advertise for approximately four months. Advertising should breakdown as follows: two plays per month using remnant rates (\$100.00) for the first month prior to rollout, then three plays per week for two months during rollout

⁶⁰ Arbitron, What Happens When the Spots Comes On, The Impact of Commercials on the Radio Audience, September 2006, available from http://www.rab.com/ppm_spot_study.pdf; Internet; accessed 24 April 2007.

⁶¹ Arbitron, What Happens When the Spots Comes On, The Impact of Commercials on the Radio Audience, September 2006, available from http://www.rab.com/ppm_spot_study.pdf; Internet; accessed 24 April 2007.

period (average costing of \$1,071.43 for 3 plays per week), and one play per month using remnant rates (\$100.00) for the month after the rollout. The total budget for radio advertising is budgeted for \$1,835,785.

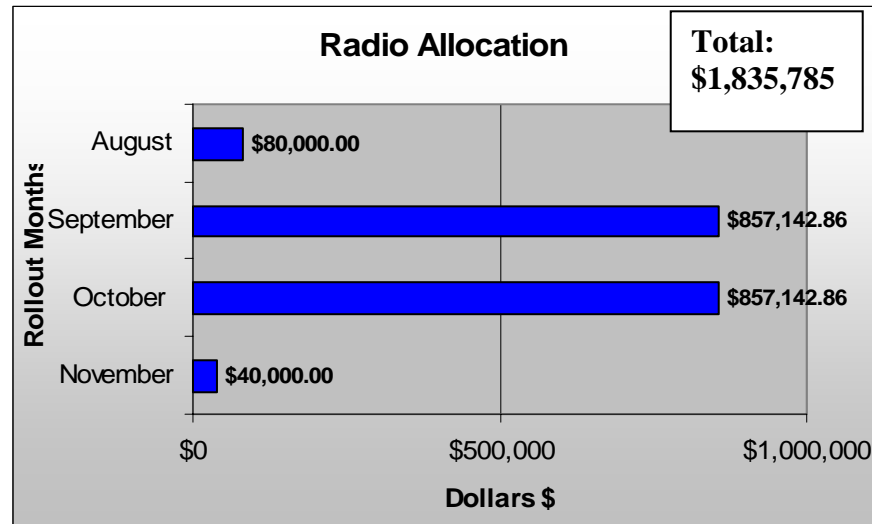


Figure 26: Radio Budget Allocation

e. Billboard

Advertising in the 50 biggest cities in the United States during the months of rollout “in a 50 showing, advertisers can reach 83 percent of adults 15 times a month.”⁶² The Billboard advertisement display will show a frontal shot of the new 2008 Cadillac CTS. It will display the new website, new logo and new tagline. This will help get the new ideas out to the target market during the months of rollout.

The average cost of a Billboard showing per month is \$27,059. Total amount spent on Billboards \$2,705,900.

⁶² MoneyNews.com, Auto Industry's Woes Take Toll on U.S. Advertising, 13 March 2007, available from <http://www.newsmax.com/money/archives/st/2007/3/13/135611.cfm>; Internet; accessed 24 April 2007.

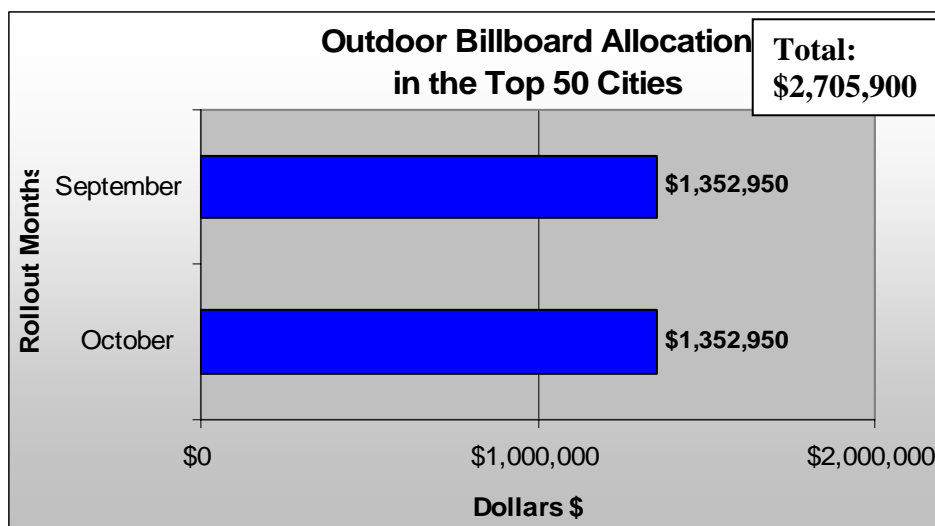


Figure 27: Billboard Budget Allocation

3. Non-Traditional Media

a. Grassroots

The goal of a grassroots campaign is to energize existing networks. Personal and business contacts have become powerful locomotives of consumer information. Grassroots media is an excellent way to personalize your product to a specific target audience; use customer involvement to positively customers the benefits of your product; maximize visibility of the CTS with customers at the buyer level and involve dealers in the rollout physically, mentally, and emotionally. By its very nature a Grassroots campaign relies heavily on the dealer's excitement to generate interest and a feeling of specialty in the consumer when they see the new 2008 CTS first hand.

Providing a media kit can generate a viral effect, gratuitous editorials and evoke interest in the new 2008 Cadillac CTS. The suggested media kit components are listed below. Dealers will receive \$2000 promotion allowance in exercising the grassroots blitz. The promotional money will provide debut unveiling parties set up by dealerships, centered on the new 2008 CTS.

The parties will consist of the following:

- Tent emblazoned with the CTS logo reusable at any event the dealer deems worthwhile in the future
- Banners that has new logo and can enhance the displays
- 200 Giveaway items per dealer such as T-shirts and coffee mugs in exchange for visitor's texting three friends about the CTS. This should generate a viral expansion of interest.
- Promotional Business cards, easy to put in a pocket and direct potential customers to the new CTS website.

Dealers select three local locations where they believe large numbers of target buyers will be present.

- Business Headquarters – great place to get young professionals to exercise their networks
- College Campuses – Exercise student and professor networks (text 3 friends to get a free T-shirt plan)
- Tech Conventions - Professionals who can see the innovation and pass on text and pictures to their networks

Generate Experiences with the CTS:

National mail campaign targeted at existing Cadillac, Lexus & BMW owners. Send invitation only unveiling events where staff can answer questions and provide information to the customers on the new CTS. This will build public and building association; build visual recognition with the car, and point of contact information for dealers.

Cost of Dealer Promo using give-a ways and Texting:

Text three friends about the new 2008 Cadillac CTS or send a mobile picture message of the vehicle and receive a free t-shirt or coffee mug. Estimate 280,000 give-away items for 840,000 referrals; 1400 dealers x 200 t-shirt or mugs per dealer =

280,000; 280,000 shirts or mugs x \$5/shirt = \$1.4 million; \$2000 promotional dollars per dealer; \$2000 x 1400 dealers = \$2.8 million; Total cost for 840,000 referrals = \$4.2 million

Cost of Car Overhead for Promotion: After Release Date

\$25,000 cost of each car (build cost)
x 1400 cars in the system (one car for each dealer)
 \$35 million WIP
x 21% Cost of Capital
 \$7.35 million Cost of Holding Cars
 + \$4.2 million Promo Cost
 \$11.6 million after release date for 840,000 referrals

In addition to the cost of promotion to reach the targeted amount of referrals, \$300,000 dollars are allocated to special event funds. Not all dealers will be able to pull money from this extra pot, only those who reach their referrals and want to put on extra events. Total cost of grassroots campaign is \$4,500,000.

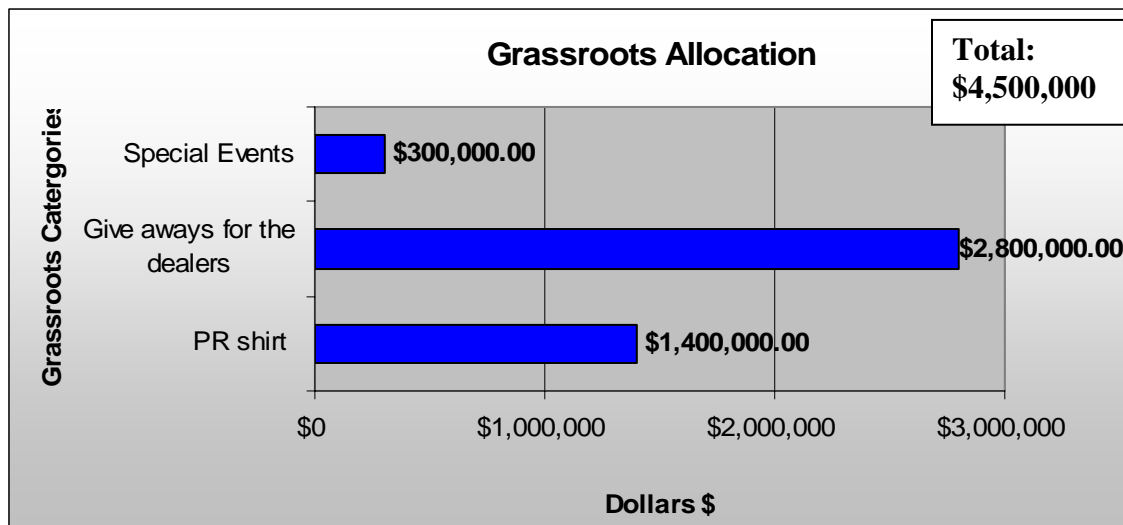


Figure 28: Grassroots Budget Allocation

b. Internet

Internet usage has increased significantly over the past few years. Billions of dollars are spent online and millions of companies use the internet to advertise their product to reach mass audiences. Traditional media has always been the avenue to

advertise your product but the internet will be the main focus in the future. “Spending by marketers, particularly the smaller ones, continued to shift away from traditional media to the Internet. Display advertising on the Internet in 2006 registered a 17 percent increase to \$9.8 billion.”⁶³

With the increasing usage of the Internet and display advertising the group has decided to implement a new web banner flash media that will create a buzz about the new Cadillac CTS. The web banner flash media will include a moving teaser video with sound. These will mimic the TV flash ads and last about six seconds as discussed earlier. The banner will briefly show the car to generate interest in going to the new CTS website. The web banner flash media will also identify our “*Revive the Drive*” campaign tagline and show the new logo.

The internet is a key source to advertise the new CTS but it is a vast network and Cadillac must position the CTS on the appropriate sites to maximize buyer potential. The group has decided to advertise the web banner flash media on the top 5 websites.

Top five most popular web sites⁶⁴

1. Yahoo.com
2. MSN.com
3. Google.com
4. Youtube.com
5. Myspace.com

“According to the Borrell Associates study, “The Boom Continues for Online Auto Ads,” most of the consumers who bought a new or used car last year began their

⁶³ Diaz, Sam, “Google To Buy Online Ad Giant” Microsoft Loses Bidding for Double Click, Washington Post; Apr 14, 2007, <http://www.washingtonpost.com/wp-dyn/content/article/2007/04/13/AR2007041301606.html>.

⁶⁴ Alexa Web Information Company, Top 500 sites; 2007, <http://www.alexa.com/>.

search on the Internet.”⁶⁵ According to the Center of Media Research the most widely used auto websites for finding information are below.

Top five automotive web sites⁶⁶

Motors.Ebay.com

Autos.AOL.com

KBB.com

Autos.MSN.com

Autotrader.com

The marketing communications plan allocates a larger portion of the \$30M dollar advertising budget toward the internet than the norm of 10-15 percent. Given internet purchases and use of the web is increasing every year, allocation of 20 percent of the budget dedicated to the internet. Total amount spent on the internet is \$5,981,466.

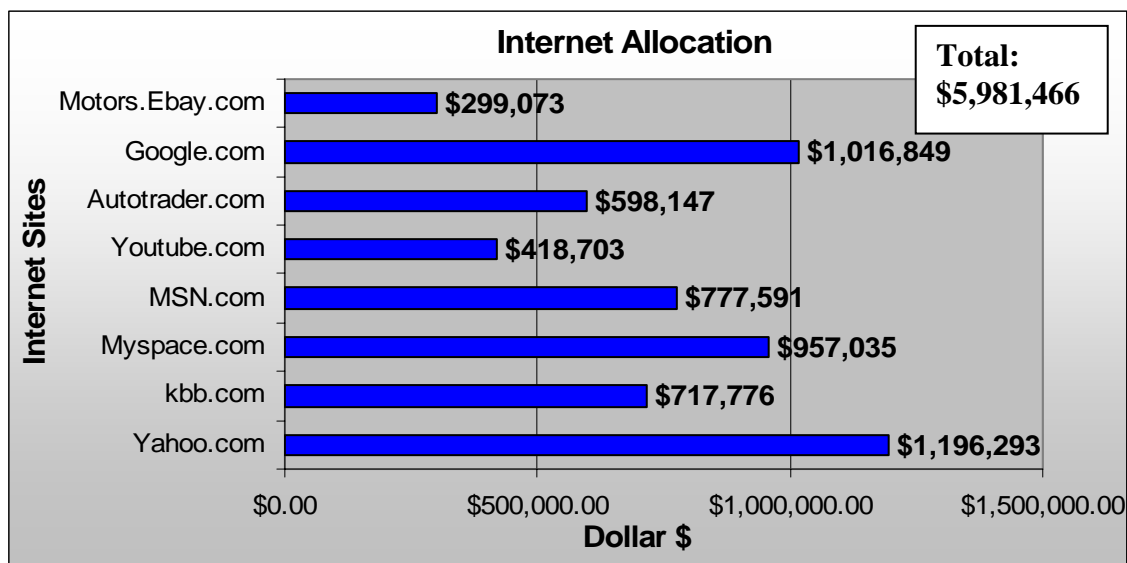


Figure 29: Internet Budget Allocation

⁶⁵ Jack Loechner, Most Car Buyers Start on Internet; 4 March 2005.
http://publications.mediapost.com/index.cfm?fuseaction=Articles.showArticle&art_aid=27829.

⁶⁶ Alexa Web Information Company, Top Automotive Sites; 2007, <http://www.alexa.com/>.

4. Communication Budget

Allocation of the budget across selected media types over a given time will help capture the target audience and maximize Cadillac's opportunities to sell the new 2008 CTS. The total allocation for the communication plan outlined below is within the \$30M constraint and divided to generate the highest value to CTS Marketing.

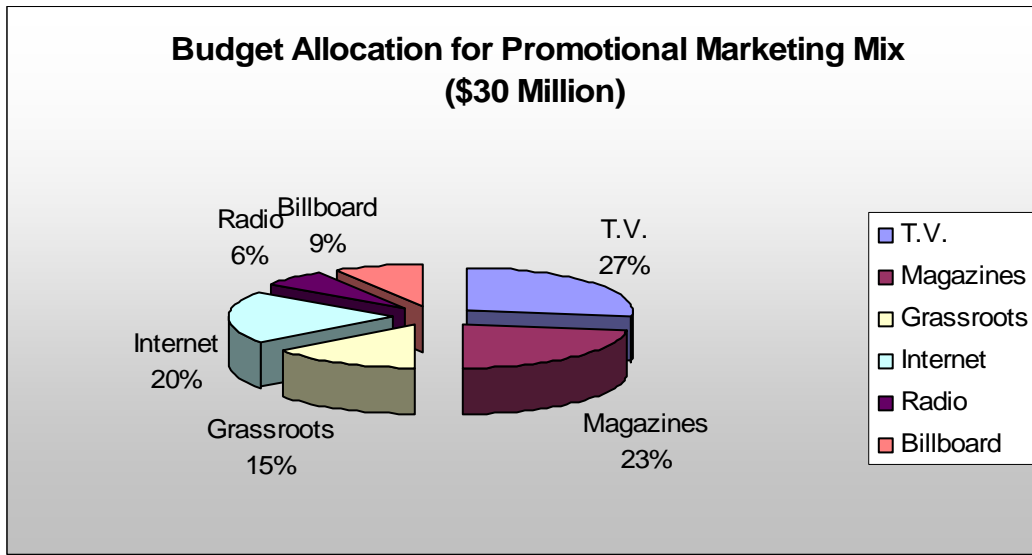


Figure 30: Total Budget Allocation

5. Communication Time-line

What you communicate and how you communicate is critical in getting the CTS out the door and into the customer's hands, but what you communicate is just as important. For the 2008 Cadillac CTS, timing is critical in order to maximize your sales.

The following media rollout schedule for 2007 signifies the time line and associate budget needs. (see Figure 31)

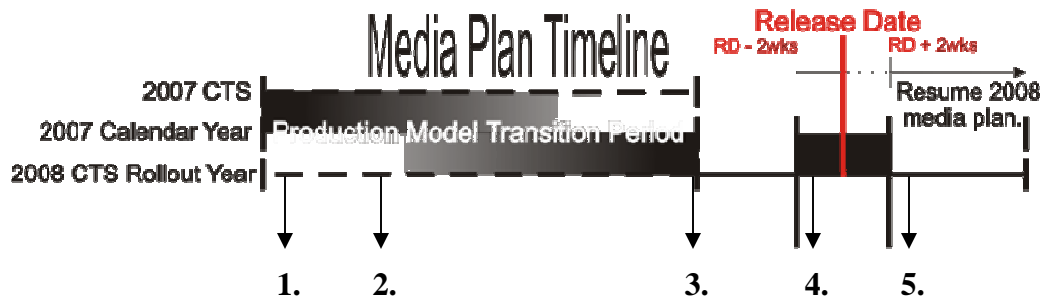


Figure 31: Media Plan Timeline

The numbers signify critical points for different media introductions:

1. Use Web Banner Internet Flash Ads- this is to help build up excitement and interest in the new Cadillac CTS. (January-February 2007)
2. Use TV “Flash” Ads – this is also to help build excitement and interest in the CTS (March-April 2007)
3. Traditional and Non-Traditional Media Blitz – big media advertisement to get product out to target audience (July- August 2007)
4. Grassroots Campaign – to reach people on a personal or one-on-one level to really signify the importance and promote the CTS (August – October 2007)
5. Public Relations (charities) - to show the public that Cadillac supports philanthropic causes, which helps boost positive feedback on the product. (November 2007)

D. PROMOTION

1. Web Presence

Developing a strong web presence is important for Cadillac’s future, due to the fact that “Move-ups” are users of non traditional media sources such as the internet. Their media behavior is shifting away from television and radio to social networking, internet, mp3's, cell phones, and other new technologies. "This generation pioneered

today's most widespread technologies, both at home and in the workplace, therefore marketing to them needs to be equally technologically savvy."⁶⁷

Cadillac's search engine presence is effective in the fact that it shows up at the right time on the most popular web pages. However, the problem is more illusive because even though they are doing a good job at marketing the Cadillac brand through internet advertising, their efforts have not drawn in enough people to the website. The graph below from Alexa.com shows that over the past six months from October 2006 to March 2007, Cadillac ranks last in daily page visits compared to its major competitors.

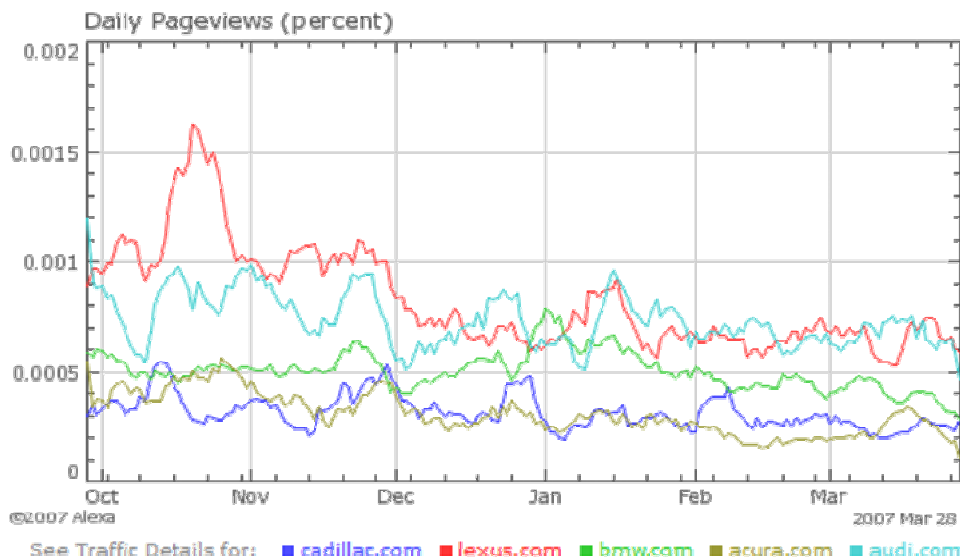


Figure 32: Search Engine Presence – Automotive

The problem with the current Cadillac website is that it lacks both excitement and interactive functions, both features desired by “Move Ups”. In short, good design lends credibility. In fact, a study conducted by the Stanford Persuasive Technology lab, along with Consumer Web Watch, found that the “look and feel” of a web site is more important than the content. Nearly half of all consumers (46.1 percent) in the study assessed the credibility of web sites based in part on their visual design appeal, including

⁶⁷ Johnson, L. & Hanson, C. (2006), *Mind Your X's and Y's: Satisfying the 10 Cravings of a New Generation of Consumers* (1st ed.). New York: Free Press, 8.

layout, typography, font sizes, and color schemes.”⁶⁸ It is simply not enough to just have a good product anymore, instead it is the sum of all the parts and players in the experience of how the product makes your customers feel, and a companies website is taking on more of an important role in the total of all these parts.

The following changes to the existing website all recommend the creation of a unique CTS Website. The most important idea is to separate the different products of Cadillac and make a unique CTS website specifically for the car. When speaking with people at the Chicago Auto show, most could not tell the difference between the sedans offered by Cadillac. Providing a unique CTS website, you are continuing efforts to differentiate the product lines playing off of and showing just how different the Cadillac model cars are. When visitors enter the CTS website they are able to manipulate any of the items on the CTS, because the more they are able to interact with the vehicle, the more they will develop a stronger bond with the product and have a more memorable experience. “Design creates emotional attachments. The look and feel of objects, places, and things are becoming increasingly important.”⁶⁹ The website would be able to let the buyer touch everything as realistically as possible. They would be able to use the sound system by using the mouse to control the radio, XM radio, IPOD/MP3/USB. They would also be able to see all the wheel and tire combinations that are available on the car. Videos from the driver's perspective of different driving environments, such as being able to pick a city or popular road within the United States, so that consumers can visualize and place themselves in the car in the city they live in. Demonstration videos from the drivers perspective using different functions of the car, such as bluetooth, and the navigation system will allow them to visualize themselves using these same features.

a. Development of Online Purchasing

In a study conducted by Arbitron using Edison Media research they found that more than eight in 10 Americans have access to the internet from any location, which

⁶⁸ Johnson, L. & Hanson, C. (2006). “Mind Your X's and Y's” Satisfying the 10 Cravings of a New Generation of Consumers (1st ed.). New York: Free Press, 85.

⁶⁹ Johnson, L. & Hanson, C. (2006), Mind Your X's and Y's: Satisfying the 10 Cravings of a New Generation of Consumers (1st ed.). New York: Free Press, 9.

has increased by more than 30 percent since 1999. This is the reason why Cadillac's website has to take on an important role in selling their products. The "internet is now the primary source of media and entertainment among college grads, in which nearly 80 percent are online purchasers."⁷⁰ With the relative ease of getting online from any location due to wireless internet, more people are online at any one time and are watching television and even doing most of their shopping online. Consumers are now more prone to multitask in their ever busy life, and the internet has made it easier for them to be able to work, e-mail, watch their favorite television programs, read the news, and shop without ever having to take a step outside their homes. The trend to shop online will continue to increase because as the world population increases the amount of internet users will continue to increase as well. The question that future consumers will have to make is whether they want to take the time to travel to a store, find a parking space, and then wait in long check out lines, when they could have done the same thing with the click of a button on their computer. Thus the importance for Cadillac to design and create a website that is appealing to the "Move-Ups" specifically, but also keeping in mind future customers in generation Y and beyond.

After researching Cadillac's competitor websites and other automotive websites, it was found that you cannot purchase an automobile online and have it either shipped to a dealership or your home. With more people shopping and comparing products online, the option to purchase a car and have it shipped to a customer's home would be an industry first appealing to the "Move-Ups". If Cadillac were able to forge partnerships with banks to approve and provide loans online, and with the DMV to provide a vehicle's tax/titles/registration, then it would be the pioneer automotive company to complete such a transaction without dealership interaction. This could not only be considered luxury because of the delivery right to the customer's home, but also avoids the painful negotiations that typically occur at dealerships.

Inclusion of Internet Videos: Once a person visits www.NewCTS.com how does Cadillac spark their interest to remain? According to Edison Media Research

⁷⁰ Kim Gordon, 10 Marketing Trends to Watch in 2007, Entrepreneur.com, 10 November 2006, <http://www.entrepreneur.com/marketing/marketingcolumnistkimtgordon/article170208.html#>.

over 47 million people have viewed internet video in the past month, and weekly internet audiences have grown 50 percent in the last year. A weekly online video competition is recommended, where the winning amateur video submission will be aired on www.NewCTS.com. This could turn into a phenomenon similar to YouTube.com where people go to CTS's website to view their friends latest video. This also provides young videographer's the opportunity to have their work exposed to the public on a national level. An example of how popular internet video has become is Esmee Denters, an 18-year-old from the Dutch village of Osterbeck. She posted a series of videos made with a karaoke machine and a cheap webcam. This generated almost eight million views and 20,000 subscriptions to automatic updates.⁷¹

Implementation of Web Banners: The internet web banner ads generate a desire to investigate. These web banners can garner multiple visits to the virtual showroom. They make an association between television and the internet by using the same flash advertising in both mediums to remain consistent. These web banners use a teaser format, including moving video and sound, with a run time of no longer than six seconds. They show small parts of the car at first that are not distinguishable as a Cadillac or CTS, but allow the consumer to find out about the product by going to the www.NewCTS.com website. The closer the date gets to the rollout of the new 2008 CTS, the web banners increase the amount of car shown, until finally the entire car is shown. Research shows that by adding music, and by making the consumer curious and wanting to investigate, they will go to the website more often.

Develop Social Networking: Another popular phenomenon that keeps people online longer is the creation of social networks on the website. "Social networking is becoming a widespread cultural phenomenon. It is evolving beyond a social experience into a powerful (even addictive) form of entertainment. While older generations might read the newspaper with their breakfast or watch a morning news show while sipping their coffee, younger generations will start their day by checking in to sites such as MySpace or Friendster. It is how they feel connected and grounded for the day.

⁷¹ Williamson, Nigel, "Generation Click," 01Apr2007.available from <http://living.scotsman.com/music.cfm?id=502392007> accessed 01 June 2007.

Bottom line: Meeting new people – especially those who deeply share your passions, interests, or values – is fun and satisfying.”⁷² In January, Cadillac launched mycadillacstory.com, an online community for Cadillac enthusiasts. The site features celebrities from Joan Jett to Tiki Barber to Andy Garcia telling their Cadillac story, and also invites non-celebrity enthusiasts to submit their own experiences via the website, YouTube or a toll-free number. Compete.com took an early look at this site and its impact on visits to cadillac.com.

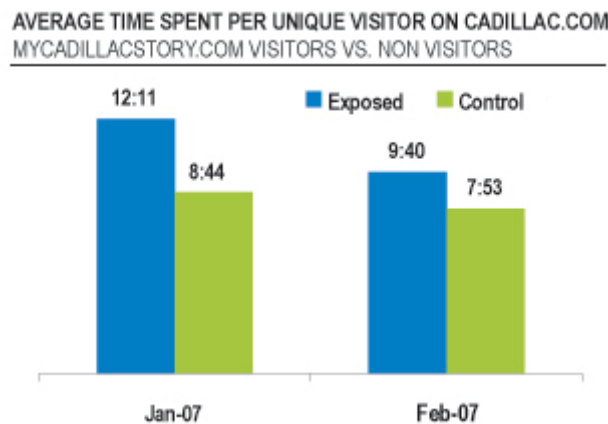


Figure 33: MyCadillac.Com Survey

Compete.com evaluated the amount of time spent on cadillac.com among people who visited mycadillacstory.com (exposed) and compared this to people who did not visit the Microsite (control). In January, the exposed group spent 33 percent percent more time on cadillac.com than the average control group visitor. By capturing more attention from the exposed group, Cadillac’s effort succeeded in attracting and engaging better quality visitors at cadillac.com.⁷³ It is recommended that Cadillac expands on this idea and continues to push "My Cadillac Story" within their marketing and advertising campaign. Additionally, they could expand on social networks by setting up a group of loyal CTS owners on www.NewCTS.com.

⁷² Johnson, L. & Hanson, C. (2006), *Mind Your X's and Y's: Satisfying the 10 Cravings of a New Generation of Consumers* (1st ed.). New York: Free Press, 63.

⁷³ Compete.com, *My adillac Store: The First Chapter*, March 2007, available from <http://www.competeinc.com.edgesuite.net/med/uploads/files/autointelligence-my-cadillac-story-study-ford-vehicle-searches.html> accessed 24 May 2007.

There is a customer desire to create avenues where customers can pull information, such as free music downloads at www.NewCTS.com. Each month Cadillac will host a trendy musician that will allow free downloads of their music. This motivates repetitive visits and word of mouth expansion by friends, and creates a catalyst to draw in the “Move-Ups” to spread the word about free music downloads. This has the potential to create a "buzz" surrounding the www.NewCTS.com.

Development of Online Partnerships: The idea of forging smart partnerships and co-branding opportunities is important for the future of Cadillac and the CTS line. Alliances represent a powerful collaboration of global industry trailblazers. By entering a partnership with TIRERACK, Cadillac will be able to provide rims and tires as a package from the factory. The package would be discounted as an incentive to personalize from the factory. TIRERACK would do the upgrades at the production plant and the original tires/rims would be returned to the CTS production line, saving Cadillac significant savings on each car.

Cadillac can seize opportunities to increase the “Mass Customization” effect that Dell displayed as market dominating in the PC industry. By taking the advantage of choice in the luxury market Cadillac establishes their place as an industry leader and visionary automotive company. The following points show one justification for implementation.

TIRERACK: Enter a partnership to provide rims and tires as a package from the factory. The package is discounted as an incentive to personalize from the factory.

- TIRERACK could occupy a small area at the CTS production facility.
- TIRERACK does the upgrades onsite and the original tires/rims are returned to the CTS production line. Approx \$500+ savings/car. (Wholesale cost x (4)Wheels and Tires
- 36,000 cars x \$500 savings per car = \$18 million revenue to Cadillac.
- All logistical requirements are sub-contracted to TIRERACK per order.
- Owners get one of a kind, custom feeling at no cost to Cadillac.

All logistical requirements are sub-contracted to TIRERACK per order. By allowing consumers to purchase tires and rims from TIRERACK, they are able to purchase similar wheels displayed on the show model that are not offered by Cadillac. Ordering the car should be a fun emotional experience for the buyer with the ability to have more choices to customize their vehicle. They will get a one of a kind car with a customized look at no additional cost to Cadillac. "Tuning is now a \$34 billion business; according to SEMA, more than 10 percent of the exhibitors at the SEMA show specialized in luxury cars. The most common tweak is swapping out the wheels."⁷⁴

Creation of Blogs and RSS Implementation: To ensure that Cadillac satisfies the needs of the technologically savvy "Move-Ups", they should include the use of Blogs, Video Blogs, and RSS on their website. The dedication of a Blog, specifically for the new CTS, instead of using the GM FastLane Blog could be created. Blogs are an unmistakable force in information distribution, and Cadillac has to be proactive. Consumers seek out information, but he who speaks first often wins. Positive, honest and open blogs should be frequented by talented Cadillac spokes personnel, making the positive information easier to acquire than the bad. The link to www.NewCTS.com is always hyper-linked for easy reference.

Using (RSS) real simple syndication, these web feed systems can continually update the consumers searching for information, allowing them to track events and product offerings before they become common knowledge. Cadillac can update the website for consumers often with quality information by incorporating this technology into the webpages. RSS generates reminders that keep the CTS model in the audience's mindset.

2. Events

It is important to use special events to get visibility of the new CTS. The new 2008 Cadillac CTS has many opportunities to get involved with different unique events.

⁷⁴ Dean, J. "German Reengineering." BEST LIFE, IV(2), (March 2007). 61.

The following key events are selected in an effort to create a Cadillac experience that our target audience relates to. None of the \$30M budget is allocated to fund these events.

Cadillac National Rally and Track Day

- Organize a Cadillac owners event at a rented track such as Watkins Glen.
- Let drivers on the track in their personal vehicles
- Set-up information booths and sales booths at the rally
- Have innovation booths and a means of capturing owners input for design
- This will build pride in ownership, loyalty and word of mouth exposure

Pebble Beach Concourse de Elegance

- Automotive enthusiasts
- Top luxury cars are on display (Good association for the brand)

X-games events

- Represents the other end of the spectrum (Youth)
- Future market
- These events are normally held at resort locations where affluent consumers of all ages could get exposure in an exciting environment

Consumer Electronics Show (C.E.S.)

- Direct automotive competition is light
- Great opportunity to show the compatibility of new technology and the CTS
- Well educated, affluent purchasers
- The path into this show may be as simple as offering cars as props for other show participants to use

3. Cause Marketing

The marketing communications plan includes cause marketing as another means to activate the Move-ups strong desire to support philanthropic corporations. According to the Public Relations Week Cause Survey, "cause-related activities will influence not only young adults buying habits, but also gain their loyalty and trust. Aligning with a cause, is a significant strategy for companies to attract consumers and a future workforce at an early age and gain a long-term, sustainable competitive advantage."⁷⁵ In a Cone/Roper Benchmark Survey, 78 percent of respondents said they are more likely to buy a product that's associated with a cause they care about, and 54 percent said they would pay more for it. One-third of respondents said that after price and quality, a company's responsible business practices are the most important factor in deciding whether to buy its product. This has become such an important part of any marketing plan companies spent \$1.34 billion on it last year in the United States alone, up 20 percent over 2005, according to the IEG Sponsorship Report. Part of the reason: 84 percent of Americans are likely to switch brands to help a cause when price and quality are equal, according to a 2002 Cone Corporate Citizenship Study, an industry-based poll.⁷⁶ That is why we recommend that Cadillac shift more money towards charitable events and organizations, to get the proper persona in the media and public eye about the company's values.

The group noted that giving away 2007 model CTSs to non-profit organizations such as the Red Cross, Save the Children, etc. could net the company credit for donations equal to the sales price of the car. The benefit is that the cost of the car is much less and the company reaps a tax benefit. This compliments a strategic problem of the new

⁷⁵ Walker Information Study, National Benchmark Study Measuring the Business Value of Corporate Philanthropy, May 2002 available at http://www.cof.org/files/documents/corporate_grantmaking/measurement/nat_study_customer.pdf accessed 01 June 2007.

⁷⁶ Christian Science Monitor, Can Buying a Red T-shirt Fight AIDS?, 20 March 2007, available from <http://articles.moneycentral.msn.com/Investing/Extra/FightingAidsWithARedTShirt.aspx?GT1=9215>, accessed on 01 June 2007.

product rollout where old models become obsolete. Simultaneously, this demonstrates that Cadillac understands and is concerned with problems that are occurring throughout the world today.

A 2008 CTS will be given away at the Concourse d' Elegance to show that the CTS is among the luxury elite, having Cadillac's presence there will significantly enhance word of mouth and prestige amongst potential buyers. Cadillac will do this by donating a new 2008 CTS for the charity drive at Concourse d' Elegance, where the car will be placed on the 18th green of Pebble Beach and raffled off for the purchase price of \$100 per ticket. "By a wide margin (87 percent), respondents think that it's important for companies to support causes and charities. Women are even more likely to agree: 96 percent say it's important."⁷⁷

Another promotion is Cadillac's drive across America. This promotion will employ four specially marked 2008 CTS's leading a drive across America to support a charity. Dealers across America give support by sponsoring pit stops and community organization efforts. These cars will be auctioned off after the drive at a densely populated media unveiling. All proceeds go to the charitable campaign. "With a passion for social justice and a burning desire to make a difference Generation Y is donating more of its time to charitable causes than perhaps any other generation in history."⁷⁸

E. DEALERSHIP IMAGE

In the author's surveys, Cadillac maintained a perception of luxury among respondents but did not reach the status of a luxury car leader. Dealership image can be jeopardized by sharing the showroom floor with other brands in a single dealership. In a separate visual demonstration of the negative impact co-location of divergent product

⁷⁷ PR Week's Cause Marketing Survey, Dig a Little Deeper Into Cause Marketing Relationships, 14 November 2006 available from <http://voicesofhope.blogspot.com/2006/11/pr-weeks-cause-marketing-survey-dig.html> accessed 01 June 2007.

⁷⁸ Johnson, L. & Hanson, C. (2006), *Mind Your X's and Y's: Satisfying the 10 Cravings of a New Generation of Consumers* (1st ed.). New York: Free Press, 221.

lines, a \$100,000 XLR-V was parked in a corner while a Pontiac worth \$25,000 sat in the center of the showroom floor. This lowers the esteem of the luxury vehicle and reduces the value of the brand.

For CTS to break out as a luxury car leader, Cadillac must build differentiation between the levels of automobiles sold in each dealership. They can not offer show rooms where consumers seeking luxury become redirected toward a lower stable mate such as Pontiac or GMC because it is less expensive. Cadillac should develop its own dealerships, a point Toyota has implemented well. From Scion through Toyota and continuing to Lexus, loyal Toyota consumers are treated well and differently according to the type of car in their market.

Reinvent the Sales Team: Cadillac should mirror their sales staff to that of their target market. If Cadillac is serious about attracting a new younger buyer to the brand, they must reflect that commitment with a younger, energetic sales force.⁷⁹ As noted by Kotler and Keller, the new customer service oriented organizational chart below gives more customer contact opportunity to the higher levels of management. At both the Chicago Auto Show and the local dealership, it was not evident that Cadillac or the CTS marketing team had opened up a fluid dialogue with the customer, or their front-line employees.

⁷⁹ Virginia Richmond and James McCroskey, *Non verbal behavior in interpersonal relations*, 5th ed., (New York, Pearson, 2004) 17.

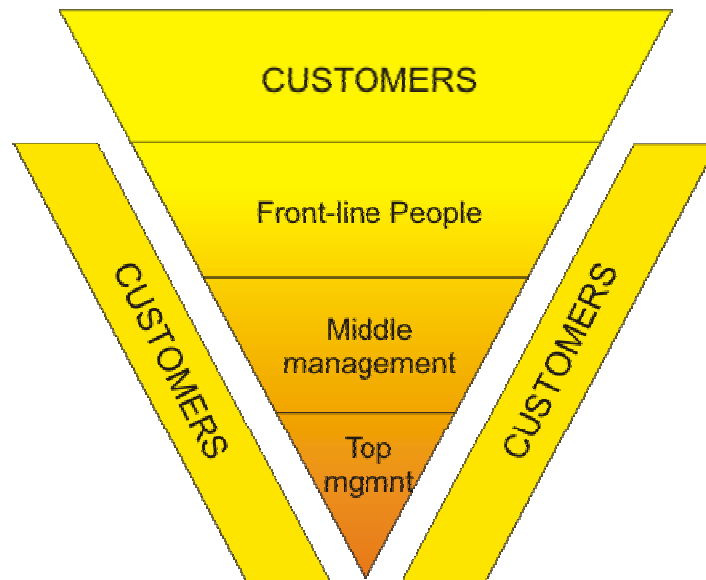


Figure 34: Customers Chart

The younger sales force is the first step in breaking the stereotype surrounding the brand at the point of sale. Furthermore, it makes the sales force more approachable by younger buyers. A popular phrase “perception is reality,” denotes the problem and solution for building esteem around the CTS. The perception is not young and the solution is to make it that way.

Cadillac dealerships must be luxurious, like a "members only club" you aspire to join. The service departments are doing great with customer service and must continue to make the owners feel special. Cadillac continues to build a relationship with their customers, or that is life long, not just a single sales transaction. Each interaction is one that communicates, luxury, success, and reinforces their purchase decision. Providing the top level of luxury such as the new loaner car, will be the feature which makes a customer into a loyalist.

APPENDIX A. ZOOMERANG SURVEY

Zoomerang Survey Results

Entry Level Luxury Cars
 Response Status: Completes
 Filter: No filter applied
 Mar 26, 2007 4:44 PM PST

| 1. When considering the purchase of a new car, which do you prefer? | | | |
|---------------------------------------------------------------------|--|------------|-------------|
| American made | | 66 | 25% |
| European made | | 49 | 19% |
| Japanese made | | 67 | 26% |
| Korean made | | 1 | 0% |
| No preference | | 77 | 30% |
| Total | | 260 | 100% |

| 2. Please rank each of the cars 1 to 6 in the order you would be likely to buy. From 1 "most likely" to 6 "least likely." Please do not let price influence your decision. | | | | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Top number is the count of respondents selecting the option. Bottom % is percent of the total respondents selecting the option. | 1 | 2 | 3 | 4 | 5 | 6 |
| Acura TL | 36 15% | 24 10% | 44 18% | 41 17% | 51 21% | 48 20% |
| BMW 3 Series | 54 | 60 | 43 | 32 | 30 | 24 |

| | | | | | | |
|--------------------|-----|-----|-----|-----|-----|-----|
| | 22% | 25% | 18% | 13% | 12% | 10% |
| Cadillac CTS | 26 | 21 | 27 | 37 | 47 | 85 |
| | 11% | 9% | 11% | 15% | 19% | 35% |
| Infiniti G35 | 25 | 44 | 44 | 45 | 51 | 31 |
| | 10% | 18% | 18% | 19% | 21% | 13% |
| Lexus IS 350 | 62 | 50 | 47 | 42 | 25 | 19 |
| | 25% | 20% | 19% | 17% | 10% | 8% |
| Mercedes Benz C230 | 44 | 44 | 41 | 45 | 35 | 35 |
| | 18% | 18% | 17% | 18% | 14% | 14% |

3. Select what you believe to be the one definitive characteristic for an Infinity G35.

| | | |
|---------------------------------|------------|-------------|
| Has Sex Appeal | 17 | 7% |
| Represents Your Personality | 5 | 2% |
| Brand / Company Image | 65 | 25% |
| Has Prestige | 36 | 14% |
| Performance / Engine Horsepower | 50 | 19% |
| Good Gas Mileage | 10 | 4% |
| Style | 77 | 30% |
| Total | 260 | 100% |

4. Select what you believe to be the one definitive characteristic for a Mercedes C230.

| | | |
|---------------------------------|-----|-----|
| Has Sex Appeal | 4 | 2% |
| Represents Your Personality | 11 | 4% |
| Brand / Company Image | 107 | 41% |
| Has Prestige | 94 | 36% |
| Performance / Engine Horsepower | 19 | 7% |
| Good Gas Mileage | 6 | 2% |

| | | |
|-----------------------------------------------------------------------------------------------|------------|-------------|
| Style | 19 | 7% |
| Total | 260 | 100% |
| 5. Select what you believe to be the one definitive characteristic for a Lexus IS 350. | | |
| Has Sex Appeal | 36 | 14% |
| Represents Your Personality | 18 | 7% |
| Brand / Company Image | 86 | 33% |
| Has Prestige | 40 | 16% |
| Performance / Engine Horsepower | 23 | 9% |
| Good Gas Mileage | 6 | 2% |
| Style | 49 | 19% |
| Total | 258 | 100% |
| 6. Select what you believe to be the one definitive characteristic for a BMW 3 Series. | | |
| Has Sex Appeal | 31 | 12% |
| Represents Your Personality | 27 | 10% |
| Brand / Company Image | 77 | 30% |
| Has Prestige | 40 | 15% |
| Performance / Engine Horsepower | 62 | 24% |
| Good Gas Mileage | 3 | 1% |
| Style | 21 | 8% |
| Total | 261 | 100% |
| 7. Select what you believe to be the one definitive characteristic for a Cadillac CTS. | | |

| | | |
|-----------------------------------------------------------------------------------------------------------------------------|------------|-------------|
| Has Sex Appeal | 3 | 1% |
| Represents Your Personality | 12 | 5% |
| Brand / Company Image | 86 | 33% |
| Has Prestige | 57 | 22% |
| Performance / Engine Horsepower | 45 | 17% |
| Good Gas Mileage | 13 | 5% |
| Style | 44 | 17% |
| Total | 260 | 100% |
| 8. Select what you believe to be the one definitive characteristic for an Acura TL. | | |
| Has Sex Appeal | 7 | 3% |
| Represents Your Personality | 20 | 8% |
| Brand / Company Image | 62 | 24% |
| Has Prestige | 10 | 4% |
| Performance / Engine Horsepower | 50 | 19% |
| Good Gas Mileage | 64 | 25% |
| Style | 47 | 18% |
| Total | 260 | 100% |
| 9. Overall, what is the single most important characteristic you value when purchasing a new car (Aside from price)? | | |
| Interior/Comfort | 19 | 7% |
| Engine (horsepower) | 12 | 5% |
| Looks | 59 | 23% |
| Driving feel/Handling | 34 | 13% |
| Sound system | 1 | 0% |
| Technology | 5 | 2% |
| Safety | 28 | 11% |

| | | |
|------------------------------------------------------------------------------------------------|------------|-------------|
| Reliability | 89 | 34% |
| Image | 5 | 2% |
| Brand | 9 | 3% |
| Total | 261 | 100% |
| 10. Does a car that is American made influence your purchase decision? | | |
| Yes...Markedly. | 57 | 22% |
| More than half the time. | 76 | 29% |
| Less than half the time | 44 | 17% |
| No ...Not at all. | 83 | 32% |
| Total | 260 | 100% |
| 11. Are you familiar with the Cadillac CTS? | | |
| Yes | 117 | 45% |
| No | 141 | 55% |
| Total | 258 | 100% |
| 12. Which single characteristic best reflects your perception of the 2008 Cadillac CTS? | | |
| Roomy/Comfortable interior | 32 | 12% |
| Very Safe | 6 | 2% |
| Luxurious | 76 | 29% |
| Powerful Engine(horsepower) | 31 | 12% |
| Looks / Overall appearance | 57 | 22% |
| Good handling / Driving feel | 4 | 2% |

| | | |
|----------------------------------------------------------------------------------------------------------------|------------|-------------|
| Excellent sound system | 4 | 2% |
| Excellent use of technology | 18 | 7% |
| Highly Reliable | 13 | 5% |
| Other, please specify | 19 | 7% |
| Total | 260 | 100% |
| 13. How would you describe your perception of the "Cadillac" brand? | | |
| Luxury car manufacturer | 126 | 49% |
| Sports Luxury Leader | 9 | 4% |
| Luxury Car Leader | 42 | 16% |
| My Parent's Car | 62 | 24% |
| Other, please specify | 18 | 7% |
| Total | 257 | 100% |
| 14. Select one group below which best describes your perception of who would buy the 2008 Cadillac CTS? | | |
| Men 45 years or older | 118 | 45% |
| Women 45 years or older | 33 | 13% |
| Men 36-44 years | 58 | 22% |
| Women 36-44 years | 15 | 6% |
| Men 25-35 years | 12 | 5% |
| Women 25-35 years | 6 | 2% |
| College Graduates | 4 | 2% |
| Other, please specify | 14 | 5% |
| Total | 260 | 100% |

| 15. Pick your favorite three (3) categories of magazines. | | |
|-------------------------------------------------------------------|----|-----|
| Art ...Smithsonian, American Photo, Artist's Magazine... | 10 | 4% |
| Auto & Cycles ...Motor Trend, Car and Driver, Consumer Reports... | 28 | 11% |
| Business & Finance ...The Economist, Newsweek, Money.. | 39 | 15% |
| Cooking & Food ...Cooking Light, Southern Living... | 47 | 18% |
| Crafts ...Simple Scrapbooks, Creating Keepsakes, Paper Crafts... | 13 | 5% |
| Entertainment ...People, US, Entertainment Weekly... | 84 | 32% |
| Fashion ...Vogue, Esquire, InStyle... | 34 | 13% |
| Health & Fitness ...Men's Health, Fitness, Oxygen, Flex... | 62 | 24% |
| Home & Gardening ...Real Simple, This Old House... | 36 | 14% |
| Lifestyle ...Cigar Aficionado, Robb Report, In Touch Weekly... | 5 | 2% |
| Men's ...Best Life, Blender, GQ... | 26 | 10% |
| News ...Time, Newsweek, Harper's... | 55 | 21% |
| Photography ...Popular Photography & Imaging, Shutterbug... | 7 | 3% |
| Science & Nature ...National Geographic, Popular Science... | 37 | 14% |
| Sports ...ESPN, Sports Illustrated, Runner's World... | 53 | 20% |
| Travel & Vacations ...Travel and Leisure, Backpacker... | 38 | 15% |
| Women's ...Cosmopolitan, "O" The Oprah Magazine, Redbook... | 50 | 19% |

| | | |
|------------------------------------------------------------------------------------------------------------|------------|-------------|
| Parenting ...Parenting, Pregnancy, Psychology Today... | 12 | 5% |
| I do not read Magazines | 10 | 4% |
| Other, please specify | 19 | 7% |
| 16. Which of the following best reflects your television viewing preferences (pick your top three)? | | |
| Early morning | 36 | 14% |
| Daytime | 13 | 5% |
| Primetime | 176 | 67% |
| Late night | 65 | 25% |
| Cable entertainment | 86 | 33% |
| Network sports | 48 | 18% |
| Cable sports | 55 | 21% |
| News | 78 | 30% |
| Hispanic | 1 | 0% |
| African American | 6 | 2% |
| Syndication | 11 | 4% |
| I do not watch TV | 13 | 5% |
| Other, please specify | 11 | 4% |
| 17. Please indicate your gender. | | |
| Male | 131 | 51% |
| Female | 127 | 49% |
| Total | 258 | 100% |

| | | | |
|---------------------------------------------------------------------------|------------|-------------|--|
| 18. Please select the category that includes your age. | | | |
| 16-24 | 16 | 6% | |
| 25-35 | 150 | 57% | |
| 36-45 | 46 | 18% | |
| 46-55 | 27 | 10% | |
| 56 or older | 22 | 8% | |
| Prefer not to answer | 0 | 0% | |
| Total | 261 | 100% | |
| 19. Which one of the following best describes your marital status? | | | |
| Single | 78 | 30% | |
| Divorced | 24 | 9% | |
| Living with partner | 11 | 4% | |
| Married w/o children at home | 65 | 25% | |
| Married with children at home | 79 | 30% | |
| Prefer not to answer | 3 | 1% | |
| Total | 260 | 100% | |
| 20. What best describes your level of education? | | | |
| High school graduate | 8 | 3% | |
| Some college | 41 | 16% | |
| College Graduate | 109 | 42% | |
| Graduate Degree | 94 | 36% | |

| | | |
|--------------------------------------------------------------------------------------------------------|------------|-------------|
| Doctorate | 6 | 2% |
| Prefer not to answer | 2 | 1% |
| Total | 260 | 100% |
| 21. Which one of the following ranges includes your total yearly household income before taxes? | | |
| \$0 to \$30,000 | 26 | 10% |
| \$31,000 to \$50,000 | 50 | 19% |
| \$51,000 to \$100,000 | 117 | 45% |
| More than \$100,000 | 64 | 25% |
| Prefer not to answer | 4 | 2% |
| Total | 261 | 100% |
| 22. Which one of the following groups do you most closely associate yourself? | | |
| White/Caucasian | 206 | 79% |
| Hispanic | 16 | 6% |
| African American | 16 | 6% |
| Asian/Pacific Islander | 11 | 4% |
| Native American | 3 | 1% |
| Other | 2 | 1% |
| Prefer not to answer | 7 | 3% |
| Total | 261 | 100% |
| 23. In which region do you live or most closely associate yourself? | | |
| U.S. West Coast | 52 | 20% |

| | | |
|-----------------------|------------|-------------|
| U.S. East Coast | 102 | 39% |
| U.S. Mid West | 19 | 7% |
| U.S. South | 66 | 25% |
| Canada | 0 | 0% |
| Central America | 1 | 0% |
| South America | 0 | 0% |
| Europe | 10 | 4% |
| Russia | 0 | 0% |
| Asia | 3 | 1% |
| Middle-East | 1 | 0% |
| Africa | 0 | 0% |
| Australia | 0 | 0% |
| Other, please specify | 7 | 3% |
| Total | 261 | 100% |

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APPENDIX B. CHICAGO AUTO SHOW SURVEY

Chicago Auto Show Survey Results

Entry Level Luxury Cars
Response Status: Completes
Filter: No filter applied
Feb 21, 2007 6:46 PM PST

| 1. When considering the purchase of a new car, which do you prefer? | | |
|---------------------------------------------------------------------|------------|-------------|
| American made | 61 | 59% |
| European made | 17 | 16% |
| Japanese made | 13 | 12% |
| Korean made | 0 | 0% |
| No preference | 13 | 12% |
| Total | 104 | 100% |

| 2. Please rank each of the cars 1 to 6 in the order you would be likely to buy. From 1 "most likely" to 6 "least likely." Please do not let price influence your decision. | | | | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------|---------|-----------|-----------|-----------|
| Top number is the count of respondents selecting the option. Bottom % is percent of the total respondents selecting the option. | 1 | 2 | 3 | 4 | 5 | 6 |
| Acura TL | 5 5% | 5 5% | 8 8% | 15 15% | 22 21% | 48 47% |

| | | | | | | |
|--------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| BMW 3 Series | 23 22% | 28 27% | 21 20% | 13 12% | 15 14% | 5 5% |
| Cadillac CTS | 40 38% | 11 10% | 13 12% | 15 14% | 14 13% | 12 11% |
| Infiniti G35 | 3 3% | 9 9% | 20 19% | 22 21% | 34 32% | 17 16% |
| Lexus IS 350 | 24 23% | 30 29% | 14 13% | 22 21% | 7 7% | 8 8% |
| Mercedes Benz C230 | 10 10% | 22 21% | 29 28% | 18 17% | 12 11% | 14 13% |

3. Select what you believe to be the one definitive characteristic for an Infinity G35.

| | | |
|---------------------------------|-----------|-------------|
| Has Sex Appeal | 10 | 13% |
| Represents Your Personality | 11 | 14% |
| Brand / Company Image | 12 | 15% |
| Has Prestige | 14 | 18% |
| Performance / Engine Horsepower | 5 | 6% |
| Good Gas Mileage | 4 | 5% |
| Style | 23 | 29% |
| Total | 79 | 100% |

4. Select what you believe to be the one definitive characteristic for a Mercedes C230.

| | | |
|---------------------------------|----|-----|
| Has Sex Appeal | 9 | 11% |
| Represents Your Personality | 8 | 10% |
| Brand / Company Image | 19 | 24% |
| Has Prestige | 21 | 26% |
| Performance / Engine Horsepower | 11 | 14% |

| | | |
|-----------------------------------------------------------------------------------------------|-----------|-------------|
| Good Gas Mileage | 2 | 2% |
| Style | 10 | 12% |
| Total | 80 | 100% |
| 5. Select what you believe to be the one definitive characteristic for a Lexus IS 350. | | |
| Has Sex Appeal | 19 | 23% |
| Represents Your Personality | 5 | 6% |
| Brand / Company Image | 9 | 11% |
| Has Prestige | 13 | 16% |
| Performance / Engine Horsepower | 8 | 10% |
| Good Gas Mileage | 2 | 2% |
| Style | 26 | 32% |
| Total | 82 | 100% |
| 6. Select what you believe to be the one definitive characteristic for a BMW 3 Series. | | |
| Has Sex Appeal | 15 | 18% |
| Represents Your Personality | 6 | 7% |
| Brand / Company Image | 18 | 21% |
| Has Prestige | 9 | 11% |
| Performance / Engine Horsepower | 19 | 22% |
| Good Gas Mileage | 1 | 1% |
| Style | 17 | 20% |
| Total | 85 | 100% |
| 7. Select what you believe to be the one definitive characteristic for a Cadillac CTS. | | |
| Has Sex Appeal | 4 | 5% |
| Represents Your Personality | 8 | 10% |
| Brand / Company Image | 25 | 30% |
| Has Prestige | 17 | 20% |
| Performance / Engine Horsepower | 14 | 17% |
| Good Gas Mileage | 2 | 2% |
| Style | 14 | 17% |
| Total | 84 | 100% |
| 8. Select what you believe to be the one definitive characteristic for an Acura TL. | | |
| Has Sex Appeal | 7 | 8% |
| Represents Your Personality | 7 | 8% |

| | | |
|-----------------------------------------------------------------------------------------------------------------------------|------------|-------------|
| Brand / Company Image | 9 | 11% |
| Has Prestige | 4 | 5% |
| Performance / Engine Horsepower | 12 | 14% |
| Good Gas Mileage | 28 | 33% |
| Style | 17 | 20% |
| Total | 84 | 100% |
| 9. Overall, what is the single most important characteristic you value when purchasing a new car (Aside from price)? | | |
| Interior/Comfort | 9 | 9% |
| Engine (horsepower) | 16 | 16% |
| Looks | 27 | 27% |
| Driving feel/Handling | 18 | 18% |
| Sound system | 1 | 1% |
| Technology | 9 | 9% |
| Safety | 9 | 9% |
| Reliability | 11 | 11% |
| Image | 0 | 0% |
| Brand | 0 | 0% |
| Total | 100 | 100% |
| 10. Does a car that is American made influence your purchase decision? | | |
| Yes...Markedly. | 50 | 48% |
| More than half the time. | 22 | 21% |
| Less than half the time | 16 | 15% |
| No ...Not at all. | 16 | 15% |
| Total | 104 | 100% |
| 11. Are you familiar with the Cadillac CTS? | | |
| Yes | 68 | 70% |
| No | 29 | 30% |
| Total | 97 | 100% |
| 12. Which single characteristic best reflects your perception of the 2008 Cadillac CTS? | | |
| Roomy/Comfortable interior | 7 | 7% |
| Very Safe | 2 | 2% |
| Luxurious | 16 | 16% |
| Powerful Engine(horsepower) | 7 | 7% |

| | | |
|----------------------------------------------------------------------------------------------------------------|------------|-------------|
| Looks / Overall appearance | 30 | 29% |
| Good handling / Driving feel | 13 | 13% |
| Excellent sound system | 0 | 0% |
| Excellent use of technology | 8 | 8% |
| Highly Reliable | 8 | 8% |
| Other, please specify | 12 | 12% |
| Total | 103 | 100% |
| 13. How would you describe your perception of the "Cadillac" brand? | | |
| Luxury car manufacturer | 63 | 63% |
| Sports Luxury Leader | 0 | 0% |
| My Parent's Car | 14 | 14% |
| Other, please specify | 23 | 23% |
| Total | 100 | 100% |
| 14. Select one group below which best describes your perception of who would buy the 2008 Cadillac CTS? | | |
| Men 45 years or older | 43 | 41% |
| Women 45 years or older | 6 | 6% |
| Men 36-44 years | 25 | 24% |
| Women 36-44 years | 8 | 8% |
| Men 25-35 years | 14 | 13% |
| Women 25-35 years | 4 | 4% |
| College Graduates | 3 | 3% |
| Other, please specify | 1 | 1% |
| Total | 104 | 100% |
| 15. Pick your favorite three (3) categories of magazines. | | |
| Art ...Smithsonian, American Photo, Artist's Magazine... | 6 | 6% |
| Auto & Cycles ...Motor Trend, Car and Driver, Consumer Reports... | 40 | 39% |
| Business & Finance ...The Economist, Newsweek, Money.. | 18 | 18% |
| Cooking & Food ...Cooking Light, Southern Living... | 11 | 11% |
| Crafts ...Simple Scrapbooks, Creating Keepsakes, Paper Crafts... | 3 | 3% |
| Entertainment ...People, US, Entertainment Weekly... | 24 | 24% |
| Fashion ...Vogue, Esquire, InStyle... | 11 | 11% |
| Health & Fitness ...Men's Health, Fitness, Oxygen, Flex... | 14 | 14% |

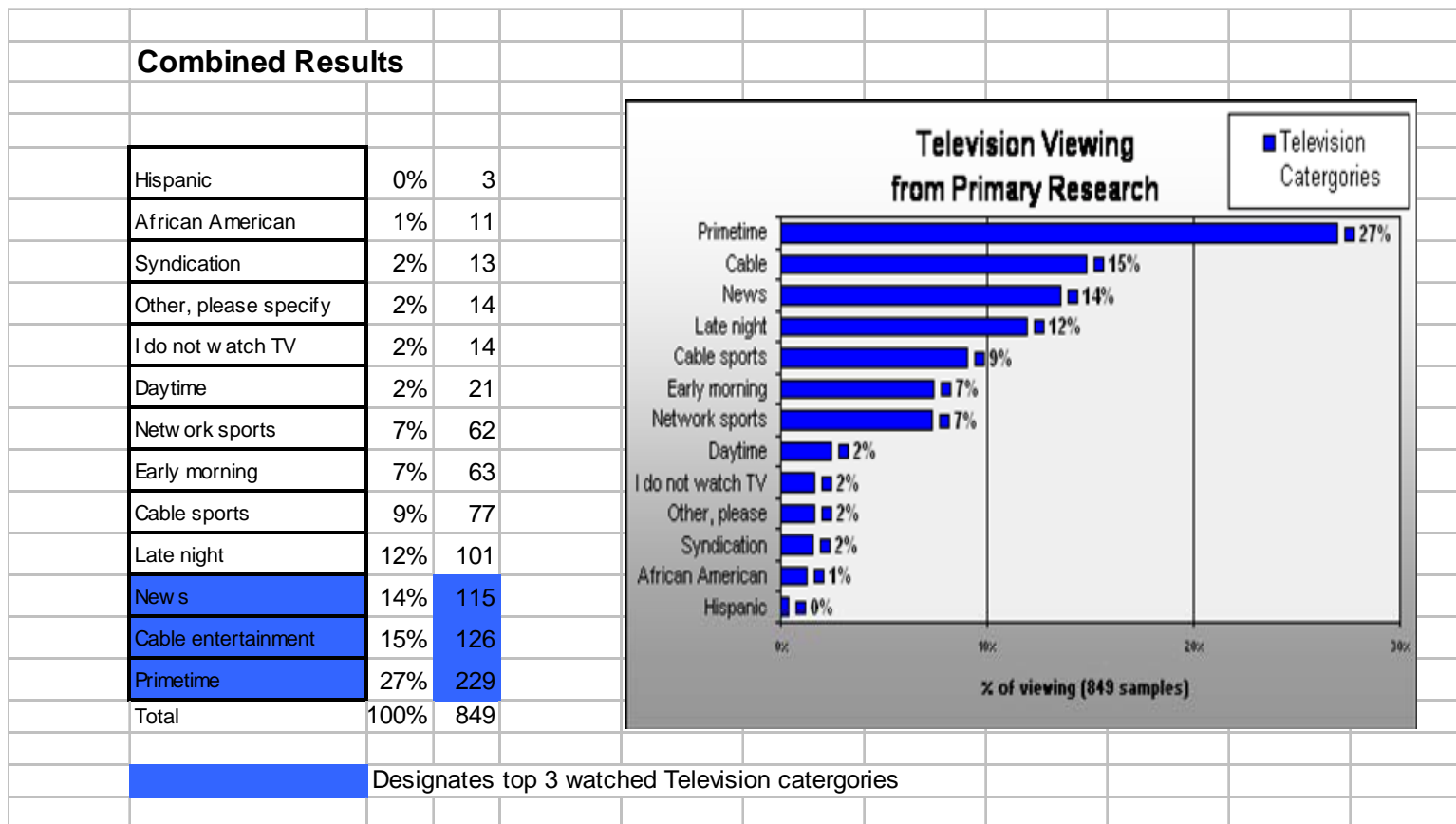
| | | |
|------------------------------------------------------------------------------------------------------------|------------|-------------|
| Home & Gardening ...Real Simple, This Old House... | 16 | 16% |
| Lifestyle ...Cigar Aficionado, Robb Report, In Touch Weekly... | 3 | 3% |
| Men's ...Best Life, Blender, GQ... | 27 | 26% |
| News ...Time, Newsweek, Harper's... | 13 | 13% |
| Photography ...Popular Photography & Imaging, Shutterbug... | 5 | 5% |
| Science & Nature ...National Geographic, Popular Science... | 13 | 13% |
| Sports ...ESPN, Sports Illustrated, Runner's World... | 29 | 28% |
| Travel & Vacations ...Travel and Leisure, Backpacker... | 12 | 12% |
| Women's ...Cosmopolitan, "O" The Oprah Magazine, Redbook... | 13 | 13% |
| Parenting ...Parenting, Pregnancy, Psychology Today... | 1 | 1% |
| I do not read Magazines | 3 | 3% |
| Other, please specify | 0 | 0% |
| 16. Which of the following best reflects your television viewing preferences (pick your top three)? | | |
| Early morning | 27 | 26% |
| Daytime | 8 | 8% |
| Primetime | 53 | 51% |
| Late night | 36 | 35% |
| Cable entertainment | 40 | 39% |
| Network sports | 14 | 14% |
| Cable sports | 22 | 21% |
| News | 37 | 36% |
| Hispanic | 2 | 2% |
| African American | 5 | 5% |
| Syndication | 2 | 2% |
| I do not watch TV | 1 | 1% |
| Other, please specify | 3 | 3% |
| 17. Please indicate your gender. | | |
| Male | 74 | 72% |
| Female | 29 | 28% |
| Total | 103 | 100% |
| 18. Please select the category that includes your age. | | |

| | | |
|--------------------------------------------------------------------------------------------------------|------------|-------------|
| 16-24 | 27 | 26% |
| 25-35 | 24 | 23% |
| 36-45 | 19 | 18% |
| 46-55 | 15 | 15% |
| 56 or older | 17 | 17% |
| Prefer not to answer | 1 | 1% |
| Total | 103 | 100% |
| 19. Which one of the following best describes your marital status? | | |
| Single | 47 | 45% |
| Divorced | 2 | 2% |
| Living with partner | 5 | 5% |
| Married w/o children at home | 21 | 20% |
| Married with children at home | 26 | 25% |
| Prefer not to answer | 3 | 3% |
| Total | 104 | 100% |
| 20. What best describes your level of education? | | |
| High school graduate | 17 | 17% |
| Some college | 31 | 30% |
| College Graduate | 37 | 36% |
| Graduate Degree | 15 | 15% |
| Doctorate | 3 | 3% |
| Prefer not to answer | 0 | 0% |
| Total | 103 | 100% |
| 21. Which one of the following ranges includes your total yearly household income before taxes? | | |
| \$0 to \$30,000 | 13 | 12% |
| \$31,000 to \$50,000 | 15 | 14% |
| \$51,000 to \$100,000 | 28 | 27% |
| More than \$100,000 | 34 | 33% |
| Prefer not to answer | 14 | 13% |
| Total | 104 | 100% |
| 22. Which one of the following groups do you most closely associate yourself? | | |
| White/Caucasian | 75 | 72% |
| Hispanic | 6 | 6% |

| | | |
|----------------------------------------------------------------------------|------------|-------------|
| African American | 19 | 18% |
| Asian/Pacific Islander | 0 | 0% |
| Native American | 0 | 0% |
| Other | 2 | 2% |
| Prefer not to answer | 2 | 2% |
| Total | 104 | 100% |
| 23. In which region do you live or most closely associate yourself? | | |
| U.S. West Coast | 1 | 1% |
| U.S. East Coast | 2 | 2% |
| U.S. Mid West | 95 | 91% |
| U.S. South | 4 | 4% |
| Canada | 0 | 0% |
| Central America | 0 | 0% |
| South America | 1 | 1% |
| Europe | 0 | 0% |
| Russia | 0 | 0% |
| Asia | 0 | 0% |
| Middle-East | 0 | 0% |
| Africa | 1 | 1% |
| Australia | 0 | 0% |
| Other, please specify | 0 | 0% |
| Total | 104 | 100% |

APPENDIX C. COMBINED TELEVISION VIEWING RESULTS

| | | | | | | | | | | | |
|--|------------------------------------------------------------------------------------------------------------|-----|-----|--|--|------------------------------------------------------------------------------------------------------------|----|-----|--|--|--|
| | | | | | | | | | | | |
| | Television | | | | | | | | | | |
| | | | | | | | | | | | |
| | National Zommerang Survey Results (262 samples) | | | | | Chicago Auto Show Survey Results (105 samples) | | | | | |
| | | | | | | | | | | | |
| | 16. Which of the following best reflects your television viewing preferences (pick your top three)? | | | | | 16. Which of the following best reflects your television viewing preferences (pick your top three)? | | | | | |
| | Early morning | 36 | 14% | | | Early morning | 27 | 26% | | | |
| | Daytime | 13 | 5% | | | Daytime | 8 | 8% | | | |
| | Primetime | 176 | 67% | | | Primetime | 53 | 51% | | | |
| | Late night | 65 | 25% | | | Late night | 36 | 35% | | | |
| | Cable entertainment | 86 | 33% | | | Cable entertainment | 40 | 39% | | | |
| | Netw ork sports | 48 | 18% | | | Netw ork sports | 14 | 14% | | | |
| | Cable sports | 55 | 21% | | | Cable sports | 22 | 21% | | | |
| | New s | 78 | 30% | | | New s | 37 | 36% | | | |
| | Hispanic | 1 | 0% | | | Hispanic | 2 | 2% | | | |
| | African American | 6 | 2% | | | African American | 5 | 5% | | | |
| | Syndication | 11 | 4% | | | Syndication | 2 | 2% | | | |
| | I do not w atch TV | 13 | 5% | | | I do not w atch TV | 1 | 1% | | | |
| | Other, please specify | 11 | 4% | | | Other, please specify | 3 | 3% | | | |



APPENDIX D. NIELSEN MEDIA RESEARCH RESULTS

Primetime:

| RANK | PROGRAMS | ORIG | HH RATING (LIVE+SD) | # OF PERSONS 2+ (LIVE+SD) (000) |
|------|-------------------------|------|------------------------|------------------------------------|
| 1 | AMERICAN IDOL-TUESDAY | FOX | 17.4 | 29961 |
| 2 | AMERICAN IDOL-WEDNESDAY | FOX | 16.1 | 27081 |
| 3 | GREY'S ANATOMY-THU 9PM | ABC | 14.4 | 22304 |
| 4 | DANCING WITH THE STARS | ABC | 13.7 | 21803 |
| 5 | CSI: MIAMI | CBS | 11.6 | 17662 |
| 6 | NCIS | CBS | 9.8 | 15686 |
| 7 | CRIMINAL MINDS | CBS | 9.7 | 15191 |
| 8 | CSI: NY | CBS | 9.1 | 13637 |
| 8 | TIL DEATH | FOX | 9.1 | 14883 |
| 10 | COLD CASE | CBS | 8.7 | 13905 |
| 10 | DEAL OR NO DEAL-MON | NBC | 8.7 | 14188 |

Cable Entertainment:

| RANK | PROGRAMS | ORIG | HH RATING (LIVE+SD) | # OF PERSONS 2+ (LIVE+SD) (000) |
|------|-------------------------------------------|------|------------------------|------------------------------------|
| 1 | WWE ENTERTAINMENT (WWE RAW) | USA | 3.4 | 5453 |
| 2 | PLANET EARTH (PLANET EARTH: MOUNTAINS) | DISC | 3.3 | 6066 |
| 3 | PLANET EARTH (PLANET EARTH: POLE TO POLE) | DISC | 3.0 | 5710 |
| 4 | ABC FAMILY ORIGINAL MOVIE (BRING IT ON) | FAM | 3.0 | 4839 |
| 5 | PLANET EARTH (PLANET EARTH: DEEP OCEAN) | DISC | 2.8 | 5382 |
| 6 | WWE ENTERTAINMENT (WWE RAW) | USA | 2.7 | 4463 |
| 7 | I LOVE NEW YORK | VH1 | 2.7 | 4204 |
| 8 | HOUSE | USA | 2.5 | 3766 |
| 9 | SPONGEBOB | NICK | 2.4 | 3586 |
| 10 | HOUSE | USA | 2.4 | 3666 |

Late Night and Syndication:

| RANK | PROGRAMS | ORIG | HH RATING (LIVE+SD) | # OF PERSONS 2+ (LIVE+SD) (000) |
|------|---------------------------|------|------------------------|------------------------------------|
| 1 | WHEEL OF FORTUNE | KIN | 8 | 12207 |
| 2 | JEOPARDY | KIN | 6.2 | 9454 |
| 3 | OPRAH WINFREY SHOW (AT) | KIN | 5.4 | 6899 |
| 4 | EVRY LVS RAYMOND-SYN (AT) | KIN | 5.1 | 7553 |
| 5 | ENTERTAINMENT TONIGHT(AT) | C/P | 4.9 | 6784 |
| 6 | SEINFELD (AT) | SPT | 4.6 | 6537 |
| 7 | JUDGE JUDY (AT) | C/P | 4.5 | 6024 |
| 8 | CSI MIAMI-SYN (AT) | KIN | 4.4 | 6529 |
| 9 | DR. PHIL SHOW (AT) | KIN | 4.1 | 5350 |
| 10 | SEINFELD-WKND (AT) | SPT | 3.6 | 5177 |

APPENDIX E. BEST VALUE TELEVISION RESULTS

| | | | | | | |
|-----------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|--------------------------------------|------------------------------------------|--------------|--------------|--------------|
| Average cost per 30 second advertisement | | | | | | |
| Primetime | Cable Entertainment | News | Late Night | Cable Sports | Syndication | |
| \$102,714 | \$1,025 | \$28,355 | \$20,390 | \$977 | \$13,015 | |
| | | | | | | |
| Primetime | \$449 | # of Viewers choice (Primary Survey) | | | | |
| Cable Entertainment | \$8.13 | | | % | # samples | |
| News | \$246.57 | Primetime | | 27% | 229 | |
| Late Night | \$201.88 | Cable Entertainment | | 15% | 126 | |
| Cable Sports | \$12.69 | News | | 14% | 115 | |
| Syndication | \$1,001.15 | Late Night | | 12% | 101 | |
| | | Cable Sports | | 9% | 77 | |
| | | Syndication | | 2% | 13 | |
| | These numbers represent the dollar amount per 30 second television ad divided by the | | | | | |
| | number of sample taken in each category from our primary surveys. | | | | | |
| | | | | | | |
| Correlation of the top television categories to Primetime Samples | | | | | | |
| | Primetime | Cable Entertainment | News | Late Night | Cable Sports | Syndication |
| | 229 | 126 | 115 | 101 | 77 | 13 |
| | | | | | | |
| Primetime minus other audiences | | 103 | 114 | 128 | 152 | 216 |
| Amount extra to be paid to equal the reach of primetime | | \$837.90 | \$28,108.43 | \$25,840.79 | \$1,928.62 | \$216,249.23 |
| | | | | | | |
| | | | (Original cost of ad + Additional costs) | | | |
| | Primetime | Cable Entertainment | News | Late Night | Cable Sports | Syndication |
| Totals | \$102,714 | \$1,862.90 | \$56,463.43 | \$46,230.79 | \$2,905.62 | \$229,264.23 |
| | | | | | | |
| % to spend in each category to reach the same level as primetime | | 5513.67% | 181.91% | 222.18% | 3535.01% | 44.80% |
| | | | | | | |
| % difference | | -5413.67% | -81.91% | -122.18% | -3435.01% | 55.20% |
| | | | | | | |
| # of people that can be reached in each category if used in place of Primetime \$ | | 12,626 | 417 | 509 | 8,095 | 103 |

| | | | | | |
|----------------------------------------------------------------------------------------------|--------------------------------------------------|--|-----------|---------------------------------|---------|
| Nielsen Media Research | | | | | |
| March 19-25 Ratings (000's) | | | Primetime | | |
| RANK | PROGRAMS | | ORIG | # OF PERSONS 2+ (LIVE+SD) (000) | |
| 1 | AMERICAN IDOL-TUESDAY | | FOX | | 29961 |
| 2 | AMERICAN IDOL-WEDNESDAY | | FOX | | 27081 |
| 3 | GREY'S ANATOMY-THU 9PM | | ABC | | 22304 |
| 4 | DANCING WITH THE STARS | | ABC | | 21803 |
| 5 | CSI: MIAMI | | CBS | | 17662 |
| 6 | NCIS | | CBS | | 15686 |
| 7 | CRIMINAL MINDS | | CBS | | 15191 |
| 8 | CSI: NY | | CBS | | 13637 |
| 8 | TIL DEATH | | FOX | | 14883 |
| 10 | COLD CASE | | CBS | | 13905 |
| Total number of viewers in the week (000's) | | | | | 192,113 |
| Average cost of viewer | | | | | \$0.53 |
| Cable Entertainment | | | | | |
| RANK | PROGRAMS | | NET | Live+SD AA(000) | |
| 1 | WWE ENTERTAINMENT (WWE RAW) | | USA | | 5453 |
| 2 | PLANET EARTH (PLANET EARTH: MOUNTAINS) | | DISC | | 6066 |
| 3 | PLANET EARTH (PLANET EARTH: POLE TO POLE) | | DISC | | 5710 |
| 3 | ABC FAMILY ORIGINAL MOVIE(S)-(BRING IT ON:) | | FAM | | 4839 |
| 5 | PLANET EARTH 1Q07(S)- (PLANET EARTH: DEEP OCEAN) | | DISC | | 5382 |
| 6 | WWE ENTERTAINMENT (WWE RAW) | | USA | | 4463 |
| 6 | I LOVE NEW YORK | | VH1 | | 4204 |
| 8 | HOUSE | | USA | | 3766 |
| 9 | SPONGEBOB | | NICK | | 3586 |
| 9 | HOUSE | | USA | | 3666 |
| Total number of viewers in the week (000's) | | | 47,135 | | |
| Average cost of viewer | | | | \$0.02 | |
| Total number of additional viewers to obtain Primetime reach | | | | 144,978 | |
| Additional cost to obtain Primetime reach per 30 sec ad | | | | \$3,152.70 | |
| Total cost of Cable Entertainment ad to obtain Primetime reach | | | | \$4,177.70 | |
| % amount in cost to obtain same reach | | | | 2458.63% | |
| % difference | | | | -2358.63% | |
| To obtain the same reach as Primetime it will cost 2358% more than using Cable Entertainment | | | | | |
| Cable Entertainment will reach only 23% of the people versa Primetime | | | | | |
| We will be able to run 100 times more commercials in Cable Entertainment | | | | | |

APPENDIX F. COMBINED MAGAZINE READERSHIP RESULTS

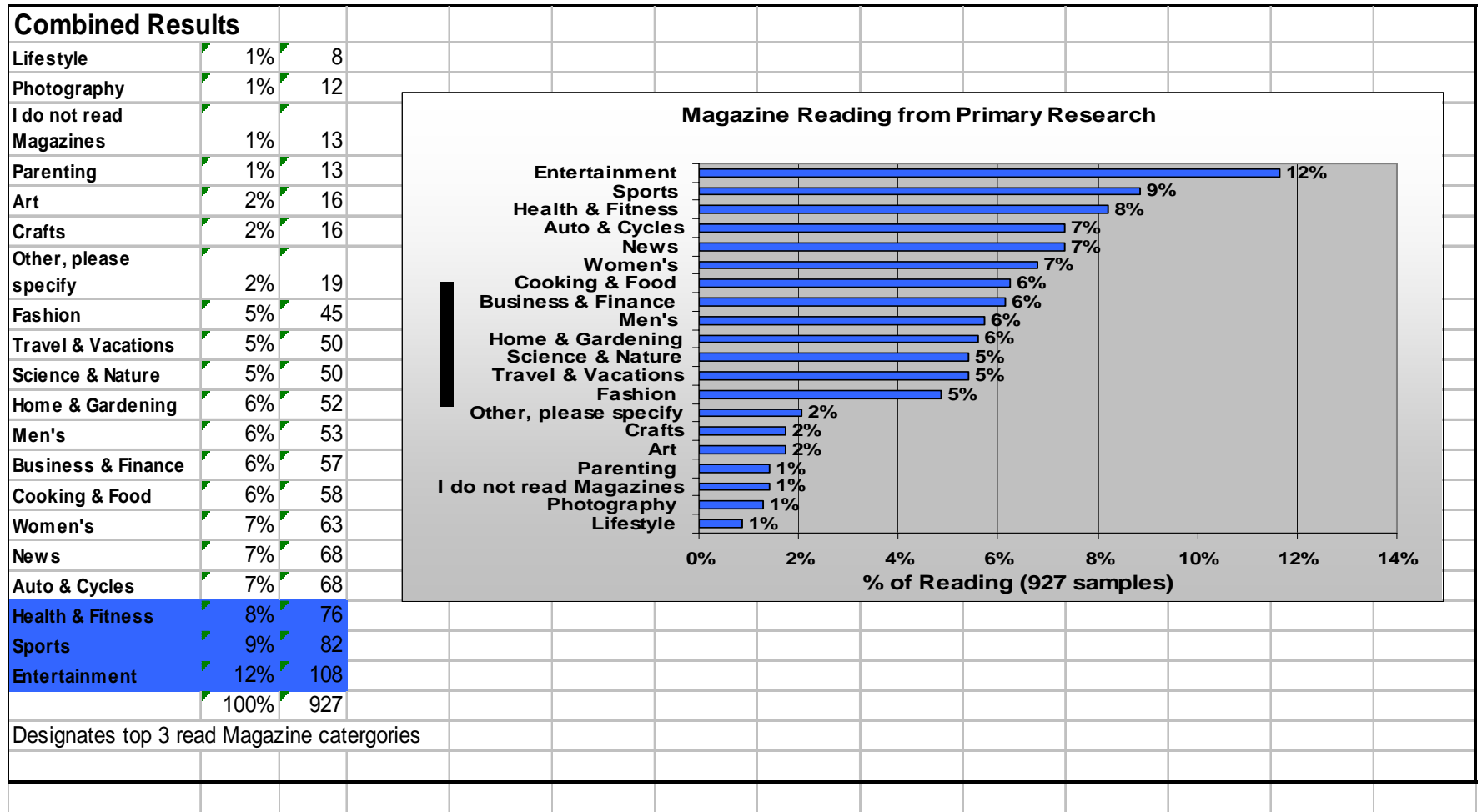
Magazines

National Zoomerang Survey Results (262 samples)

| 15. Pick your favorite three (3) categories of magazines. | | |
|-----------------------------------------------------------|----|-----|
| Art | 10 | 4% |
| Auto & Cycles | 28 | 11% |
| Business & Finance | 39 | 15% |
| Cooking & Food | 47 | 18% |
| Crafts | 13 | 5% |
| Entertainment | 84 | 32% |
| Fashion | 34 | 13% |
| Health & Fitness | 62 | 24% |
| Home & Gardening | 36 | 14% |
| Lifestyle | 5 | 2% |
| Men's | 26 | 10% |
| News | 55 | 21% |
| Photography | 7 | 3% |
| Science & Nature | 37 | 14% |
| Sports | 53 | 20% |
| Travel & Vacations | 38 | 15% |
| Women's | 50 | 19% |
| Parenting | 12 | 5% |
| I do not read Magazines | 10 | 4% |
| Other, please specify | 19 | 7% |

Chicago Auto Show Survey Results (105 samples)

| 15. Pick your favorite three (3) categories of magazines. | | |
|-----------------------------------------------------------|----|-----|
| Art | 6 | 6% |
| Auto & Cycles | 40 | 39% |
| Business & Finance | 18 | 18% |
| Cooking & Food | 11 | 11% |
| Crafts | 3 | 3% |
| Entertainment | 24 | 24% |
| Fashion | 11 | 11% |
| Health & Fitness | 14 | 14% |
| Home & Gardening | 16 | 16% |
| Lifestyle | 3 | 3% |
| Men's | 27 | 26% |
| News | 13 | 13% |
| Photography | 5 | 5% |
| Science & Nature | 13 | 13% |
| Sports | 29 | 28% |
| Travel & Vacations | 12 | 12% |
| Women's | 13 | 13% |
| Parenting | 1 | 1% |
| I do not read Magazines | 3 | 3% |
| Other, please specify | 0 | 0% |



APPENDIX G. BEST VALUE MAGAZINE RESULTS

| | | | | | | |
|----------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|-----------|----------------------|--|------------|
| Cost per page: | | | | | | |
| People | Entertainment Weekly | Men's Health | Fitness | Sports Illustrated | | |
| \$241,975 | \$144,050 | \$149,130 | \$123,100 | \$302,680 | | |
| ESPN | Car and Driver | Cosmopolitan | Time | | | |
| \$188,500 | \$164,911 | \$195,800 | \$241,350 | | | |
| | | | | People | | \$2,240.51 |
| | Number of Viewers read (Primary survey) | % of read | | Entertainment Weekly | | \$1,333.80 |
| People | 108 | 12% | | Men's Health | | \$1,818.66 |
| Entertainment Week | 108 | 12% | | Fitness | | \$1,501.22 |
| Men's Health | 82 | 9% | | Sports Illustrated | | \$3,982.63 |
| Fitness | 82 | 9% | | ESPN | | \$2,480.26 |
| Sports Illustrated | 76 | 8% | | Car and Driver | | \$2,425.16 |
| ESPN | 76 | 8% | | Cosmopolitan | | \$3,107.94 |
| Car and Driver | 68 | 7% | | Time | | \$4,234 |
| Cosmopolitan | 63 | 7% | | | | |
| Time | 57 | 6% | | | | |
| | These numbers represent the dollar amount per page magazine advertisement divided by the number of sample taken in each category from our primary surveys. | | | | | |
| | | | | | | |
| Total cost adjusted to obtain the reach for Entertainment Magazines | | | | % difference | | |
| | | | | | | |
| | | | | 40.47% | | |
| People | | \$241,975 | | 18.83% | | |
| Entertainment Weekly | | \$144,050 | 59.53% | 33.00% | | |
| Men's Health | (average cost of magazine ad * 108 reach) | \$196,415.12 | 81.17% | -77.76% | | |
| Fitness | (average cost of magazine ad * 108 reach) | \$162,131.71 | 67.00% | -10.70% | | |
| Sports Illustrated | (average cost of magazine ad * 108 reach) | \$430,124.21 | 177.76% | -8.24% | | |
| ESPN | (average cost of magazine ad * 108 reach) | \$267,868.42 | 110.70% | -38.72% | | |
| Car and Driver | (average cost of magazine ad * 108 reach) | \$261,917.47 | 108.24% | -88.98% | | |
| Cosmopolitan | (average cost of magazine ad * 108 reach) | \$335,657.14 | 138.72% | | | |
| Time | (average cost of magazine ad * 108 reach) | \$457,294.74 | 188.98% | | | |
| | | | | | | |
| | Indicates to best value for your \$ on magazine advertisement | | | | | |
| | This is because this magazines obtain the same reach as the Entertainment Category while costing less than \$241,975 | | | | | |

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